

Herald

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Opposition lawmakers celebrating on Friday in the upper house of the Japanese Diet after the government's proposals for political change were rejected on a 130-to-118 vote.

Russian Cabinet Told to Shore Up State Industry

By Steven Erlanger
New York Times Service

MOSCOW — Prime Minister Viktor S. Chernomyrdin told his new cabinet on Friday that it must find ways to help state industrial enterprises to increase their production, a clear indication of the government's shift in priorities from fighting inflation toward providing more state aid to Russia's ailing economy.

He urged ministers to try to avoid confrontation with the newly elected parliament, where communists and nationalists outnumber re-

formers in the lower house, the State Duma. Western diplomats and economists fear that Mr. Chernomyrdin's emphasis on state support for industry and agriculture, without the presence of a strict finance minister, will result in

After the cabinet shuffle, four scenarios for Russia's economy. Page 4

spiraling inflation by April, a collapsing ruble and reduced living standards.

Alas to an otherwise silent President Boris

N. Yeltsin emphasized his continuing devotion to "economic reform" and his need to compromise with political reality in forming the new cabinet, dominated by Soviet-era bureaucrats and managers, after the strong showing of communists and ultra-nationalists in December's elections.

A debate began to swirl around the culpability of Western nations and institutions in the perceived collapse of Western-style and Western-endorsed economic reform, symbolized by the resignations of Yegor I. Gaidar as econo-

mics minister and of Boris G. Fyodorov as finance minister.

Mr. Fyodorov was particularly bitter about post-election comments by Strobe Talbott, the U.S. ambassador-at-large to the former Soviet Union and chosen to be the new No. 2 at the State Department.

"He actually stabbed us in the back," Mr. Fyodorov, 35, said of Mr. Talbott late Thursday night. After the strong showing of anti-

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Germany Opens Its Election Year in Political Knots

By Craig R. Whitney
New York Times Service

BONN — At the start of an election year that will decide the fate of Chancellor Helmut Kohl's 12-year-old conservative coalition government, German politics seems to be staggering around in circles.

Rather than dealing quickly with the larger than expected economic and social problems that followed reunification in 1990, German political parties have been debating them endlessly.

They agree that budget cuts are necessary to reduce the country's growing deficits, then vote spending increases that require more cuts. They agree that Germany should have a seat on the United Nations Security Council, then debate inconclusively whether German troops can take part in peacekeeping operations outside Germany.

Recently, the subject has been whether to move the capital from Bonn to Berlin, something West Germans swore for 40 years that they would do when their country was reunited. After it finally was in 1990, many politicians had second thoughts.

Although the parliament had voted them to make Berlin the capital again, opponents mounted a fierce rearguard action.

These included Rhinelanders accustomed to running the country, taxpayer groups that thought the cost of \$11 billion was too much, and the Bonn branch of Mr. Kohl's Christian Democratic Union.

Last month, Mr. Kohl's government said it would move,

definitely, between 1998 and 2000. Last week, leaders of all the

major parties in parliament met in Mr. Kohl's offices and decided yet again to move to Berlin, between 1998 and 2000. This time they really meant it — maybe. Another vote is scheduled in parliament for next week.

The paralysis has not been total but sometimes close to it.

While millions of asylum-seekers streamed into Germany after the end of the Cold War, the parties debated endlessly about changing the constitution to tighten eligibility for asylum and finally lurched to a decision last summer. Mr. Kohl's government managed a decision last year to send 1,700 German peacekeeping troops to Somalia, but it will withdraw them when U.S. forces leave in March.

There is constant talk that the problems of dealing with far-right violence against foreigners, converting Eastern Germany

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New York's Homeless Prefer Glacial Streets to Shelters

By Matthew Purdy
New York Times Service

NEW YORK — In the bitter cold of night, the lights in the windows of Leggiadro, a boutique on the fancy upper reaches of Madison Avenue, cast their glow on \$40 tights, cashmere leggings and on Fred Nardella, a man wrapped in a green army surplus blanket who was trying to get some sleep in a cardboard box.

The deep-freeze gripping the Eastern United States has made venturing outside painful and driven many homeless people who usually live on the streets into shelters.

Mr. Nardella and others asleep along Madison Avenue just after midnight Thursday were a remarkable sight. They were odd nocturnal visitors on the doorsteps of fine shops in an elegant neighborhood.

A man whose head stuck out of his box like a tank driver's was asleep at the Hilde Gers Gallery near 62d Street. On the next block, one person was sleeping in front of a ladies' sleepwear store called Amor Perfecto and another was under a window displaying silk ties at Addison on Madison. Further up the street, a man was asleep in front of a store advertising Waterford and Wedgwood.

It is not by chance that Mr. Nardella and others choose Madison Avenue over homeless encampments along the rivers in lower Manhattan. Just as with those who live or have businesses in the neighborhood, the homeless are drawn there by its safety and relative calm.



Ice chunks in the Hudson River testified to weather conditions Friday in New York. Some respite is predicted for the weekend. Mike Soper/EPA

"It's quiet," Mr. Nardella said. "You have the cops around all the time."

As the temperature sank to 1 degree Fahrenheit (minus 17 degrees centigrade) — a record low

for the second straight day in New York City — the bundles on Madison Avenue were part of a loose community of homeless people who would rather pit their survival instincts against the elements than

against dangerous city shelters.

Although many homeless people responded to the cold by heading indoors, city officials said almost 2,000 fewer people were staying in shelters this week than the number

who regularly stayed two years ago.

Mr. Nardella, who has been homeless since his apartment in the Bronx burned down six years ago, said he preferred the street because shelters "are not quiet."

"They're too crowded," he said. "They're too full. A couple of guys got robbed. Some guys got stabbed."

Mr. Nardella said he worked for a catering company and sometimes slept at the company's building. But most of the time he is on the street, where his array of winter gear and blankets is usually enough to keep him comfortable — but not on Thursday night.

■ Weekend Promises Relief

The mercury in much of the United States took a final dip before an expected weekend "thaw," The Associated Press reported. Temperatures in the East and Midwest should reach the between 20 and 30 degrees Fahrenheit (minus 6 and minus 1 degree centigrade) by Saturday night.

At least 130 deaths have been attributed to the cold wave since last weekend. Many died in icy road crashes, some suffered heart attacks while shoveling snow and others froze to death.

The coldest spot in the lower 48 states was in the Northeast and Midwest early Friday. At 4 A.M., it was minus 46 degrees Fahrenheit (minus 27 centigrade) in Albany, N.Y., and in Indianapolis.

With the mercury at about 8 degrees Fahrenheit (minus 13 centigrade) in New York City, a water main break on Friday morning sent water gushing into the Brooklyn-Battery Tunnel, making the link between Brooklyn and Manhattan impassable.

The paper said that lawyers for both sides were drawing up

paperwork to ensure that the civil trial will be dropped. It said the settlement could fall through unless there is agreement on all the terms. The singer, 35, is accused in a civil suit of molesting the boy. Mr. Jackson denies any wrongdoing.

WORLD BRIEFS

Powerful Quake Hits Moluccan Isle

JAKARTA (Reuters) — At least seven people were reported killed when a strong magnitude shock the Moluccan island of Halmahera on Friday, toppling buildings and triggering panic, residents said.

The Jakarta Meteorological and Geophysics Agency said the quake measured 6.5 on the Richter scale, with its epicenter about 80 kilometers (50 miles) north of the island of Ternate and about 2,500 kilometers northeast of Jakarta. The U.S. Geological Survey reported a reading of 7.3 on the same scale.

A resident of Halmahera in radio contact with the worst-hit area, around the town of Kao on the northern isthmus of the island, said that seven people had been killed. Officials in the area could not immediately be contacted, but there were unconfirmed reports that several buildings in Kao had been destroyed and at least two nearby villages evacuated.

In Kao has been destroyed and at least two nearby villages evacuated.

■ **Arab League to Reconsider Boycott**

CAIRO (Reuters) — The Arab League has agreed to discuss easing a 40-year-old boycott of Israel at a meeting of its foreign ministers in the East, the U.S. secretary of commerce, Ronald H. Brown, said Friday. Mr. Brown, who met with the Arab League secretary-general, Farhat Abd-el Meguid, on Thursday night, said he had secured a commitment that the League would consider lifting its boycott of third-country companies with major investments in the Jewish state.

"A decision will be made at the March ministerial meeting whether or not to continue the secondary and tertiary boycott," Mr. Brown said at a news conference. Mr. Abd-el Meguid said Friday that the meeting would take a collective decision on whether or not to lift its boycott of third-country companies with major investments in the Jewish state.

Jackson Said Ready to Settle Suit

LONDON (AP) — Michael Jackson has tentatively agreed to pay up to \$49 million to the boy, 14, who has accused him of sex abuse so that the boy will drop his lawsuit, a newspaper reported Friday.

The London tabloid Today said the boy signed a confidential interim contract agreeing to the out-of-court settlement. Mr. Jackson's attorney, Howard Weitzman, hung up on The Associated Press when reached at his home Friday. Additional attempts to reach him failed.

The paper said that lawyers for both sides were drawing up paperwork to ensure that the civil trial will be dropped. It said the settlement could fall through unless there is agreement on all the terms. The singer, 35, is accused in a civil suit of molesting the boy. Mr. Jackson denies any wrongdoing.

Belgians Quit in Corruption Scandal

BRUSSELS (AP) — A Belgian corruption scandal claimed its first political victim Friday as Vice Prime Minister Guy Coetme and two other prominent leaders resigned. But the government was expected to survive.

The three, all French-speaking Socialists, have denied wrongdoing in the affair, which centers on bribes allegedly paid to their party to secure a 1988 helicopter contract for the Italian aircraft firm Agusta SpA.

Guy Spitaels, minister-president of the French-speaking Walloon regional government, and his interior minister, Guy Mathot, quit after the Senate had lifted their parliamentary immunity.

Correction

Because of an editing error, an article from Beijing in Friday's editions misrepresented the point of an agreement to allow American customs officers to visit Chinese prisons. The visits are to ensure that Chinese prison factories are not making products for export to America.

TRAVEL UPDATE

Fungicide Washes Onto Dutch Coast

AMSTERDAM (Reuters) — Authorities stepped up cleaning the northern Netherlands coastline as thousands more plastic bags of potentially lethal pesticides could shortly hit Germany and Denmark.

Tens of thousands of bags, lost from a French ship last month and containing a toxic fungicide called Apron Plus-50 DS, washed ashore. Authorities believe a 100-kilometer (60-mile) stretch of Dutch beaches will have to remain closed over the weekend.

An official statement released in Damascus described the death as a "tragic accident." It added that President Assad would attend his son's funeral Saturday in Qairina, the elder Mr. Assad's birthplace near Latakia, on the Mediterranean coast.

President Assad is likely to spend part of next week in mourning, sources in Damascus said, but diplomats did not believe the incident would set back the peace talks.

In a statement issued by the official North Korean press agency, KCNA, the Foreign Ministry said it would be the fault of the agency if unclear safeguards on the Korean Peninsula broke down.

The statement made it clear that the North would not allow agency experts to resume regular inspections at the installations or enter two unclarified sites. The agency also has said it believes these sites conceal nuclear waste that could prove whether a program to build an atomic bomb is under way.

A Foreign Ministry spokesman said the North's demands were "reasonable" and that there was "no ground" for the UN agency to refuse them. The spokesman warned there was no chance that Pyongyang would meet the agency's demands until it had reached a separate deal with the United States.

The agency said Friday that time was running out for the on-site inspections, but that it was determined to resist any North Korean bid to permit officials only a hasty "sham" inspection.

"We've got to clear this issue more or less in the course of the next 10 days," said David Kyd, spokesman for the agency.

He said the agency was "hopeful, but no more than that," that an accord could be reached in talks with North Korean envoys at the agency's headquarters in Vienna next week.

Mr. Kyd said that unless North Korea dropped its conditions the inspections would not take place. (Reuters, AFP)

Tanzania Appeals for Food

DAR ES SALAAM, Tanzania — The government appealed Friday for food aid of up to 220,000 metric tons to offset shortages caused by a drought.

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THE AMERICAS / A MASTER OF 'SPIN'

2 Sides of the Story: Inman as Paranoid Or Public Servant

By Howard Kurtz

Washington Post Service
WASHINGTON — In the 1970s and early 1980s, Bobby Ray Inman routinely served as a confidential source for Washington editors and reporters, providing guidance on sensitive stories involving U.S. intelligence.

"He certainly knew how to play the game," said John Walcott, a former reporter for Newsweek and The Wall Street Journal who often dealt with Mr. Inman. "If he stood out, it was only because he was better at what everyone else tried to do spin you."

Perhaps it was no coincidence that much of the media welcomed President Bill Clinton's decision last month to name the former intelligence official as his defense secretary. "A wise choice," the Los Angeles Times said in an editorial. "Inman's reviews are extraordinary, almost hyperbolic," said The Washington Post in a profile. A New York Times reporter described him as "a well-connected Washington insider" who has "calibrated the press."

But after the retired admiral withdrew his name Tuesday, accepting some criticisms of "modern McCarthyism" in a stinging and lengthy news conference, the press verdict turned harsh. A New York Post editorial called Mr. Inman's speech "a disaster," with a bizarre mix of vindictiveness, paranoid and wild conspiracy theory. The Wall Street Journal fumed him to Captain Queequeg.

Why hasn't the press revealed this side of Mr. Inman's为人?

"I thought he was a good public servant," said Benjamin C. Bradlee, vice president-at-large of The Washington Post Co., who often discussed sensitive stories with Mr. Inman when Mr. Inman had been the paper's executive editor. "I never saw this side of him. His dealings with me were completely non-paranoid, comfortable, intelligent and very much for the good of both the press and the public."

Mr. Walcott, now with U.S. News & World Report, said he was "mystified" by Mr. Inman's news conference. "I had never heard him talk that way," he said.

Bill Kovach, a former New York Times' Washington bureau chief who occasionally consulted Mr. Inman, said: "Any journalist I know of who dealt with Bobby Inman would be kindly disposed to his personality, his behavior and his advocacy."

But a former New York Times reporter who dealt frequently with Mr. Inman described him as "the most thinnest-skinned guy in the world." "The single biggest leaker of intelligence information

in the last 10, to 15 years," Mr. Inman "would have been naked over the coals" for such leaks at his Senate confirmation hearings, this person said.

"I resent the leaker and manipulator image," Mr. Inman, a former director of the National Security Agency and deputy director of central intelligence, said in an interview. "It is fundamentally unfair in characterizing the relationship."

Mr. Inman said he had regularly provided guidance, at the request of senior editors, to The Washington Post, The New York Times, Los Angeles Times, Newsweek, Time and U.S. News. "There was a trust built up over a period of years," he said.

Although this clearly helped burnish his reputation, Mr. Inman said, "I honestly don't think I tried to capitalize on it."

"While I was in an official capacity, I avoided the dialogue with reporters unless the editors asked me."

The extent of cooperation between Washington journalists and a high government official might surprise those who view the two sides as adversaries. "The truth is that the mainstream press actually bends over backwards on national security issues," said Stephen Hess, a Brookings Institution analyst.

Bob Woodward, a Washington Post assistant managing editor who has written extensively on intelligence, said he had "spent a good number of evenings" with Mr. Inman but that they in no way had "a chummy, cozy relationship." Mr. Woodward said he sometimes objected when Mr. Inman successfully appealed to Mr. Bradley or other Post editors to delete material from Mr. Woodward's stories.

"He was in contact point," Mr. Woodward said. "It was well known among reporters if you had sensitive information, he would respond and try to guide you and say that this is where national security would be harmed and this is where it won't."

This was the Cold War. This was when the Russians might find out where our submarines are because we're going to print one word or code phrase in the newspaper. It was a dangerous era, and it would have been absolute madness for officials not to make an announcement that only people with appointments would be let in.

"We are trying to stop a riot here," said a police sergeant, Bruce Cowan, as about two dozen National Guard troops armed with M-16 rifles patrolled the area.



Californians waiting their turn outside a federal disaster assistance center in Northridge, the epicenter of the earthquake.

Slow Aid Angers L.A. as Toll Rises to 55

Compiled by Our Staff From Dispatches

LOS ANGELES — Angry crowds besieged federal aid centers for a second day Friday as officials scrambled to speed aid to victims of a disaster that killed 55 people and forced more than 20,000 into makeshift camps.

As more strong aftershocks jolted the city, thousands of people lined up at newly opened offices seeking help, but most were turned away with little more than application forms and appointments to return days later.

Officials of the Federal Emergency Management Agency, mindful of the criticism they faced in the aftermath of the hurricane designated Andrew in 1992, pleaded for patience, saying they needed more time to ease the city's plight.

Nearly 1,000 tired and desperate earthquake victims, many of whom had waited in line since before dawn, were barred from one disaster aid center. Confusion reigned for a while at the Winnetka Community Center in hard-hit Northridge as policemen pleaded with federal aid officials not to make an announcement that only people with appointments would be let in.

"We are trying to stop a riot here," said a police sergeant, Bruce Cowan, as about two dozen National Guard troops armed with M-16 rifles patrolled the area.

After more than an hour, many people in line grudgingly boarded buses for other centers. But some people resisted. "I'm not going to get in the back of a line," said Marcia Lannom of Northridge.

It was the second day of trouble for Federal Emergency Management Agency disaster aid centers trying to accommodate people seeking state and federal earthquake assistance.

The toll from the magnitude-6.6 quake — the strongest to hit Los Angeles in more than two decades — climbed to 55 dead and more than 7,000 hurt, 500 of them with serious injuries.

Motorists were again trapped in nightmarish traffic jams as they were rerouted around wrecked sections of freeway. Commutes that used to take 45 minutes lasted up to four hours.

In Washington, an official of the emergency management agency said that the Los Angeles earthquake had damaged or destroyed many more homes than originally thought.

"This disaster is much larger than I think anybody anticipated," said Richard Krimm, the agency's associate director for response and recovery.

Mr. Krimm said he didn't want an appointment, "I don't have a house. I don't have anything. I don't want an appointment," said Hollis Lamson of Granada Hills.

Mr. Krimm said he had initially learned that

25,000 houses were either damaged or destroyed in Monday's quake. Although he declined to give a new estimate, he said, "I think

it's more than that, just based on the calls and all the people coming for disaster applications."

The official said that the aid centers were being expanded and that mobile centers would go to parks where newly homeless people were camping out.

On Thursday, thousands of people besieged the aid centers, and lines became so long that some people were bused to other facilities. To cope with the demand, the emergency management agency opened a 12th center Friday and urged people to call an 800-number for appointments.

Quake victims complained those solutions were no help, saying that the phone number was jammed and that appointments in some cases were days, if not weeks, away.

At the Northridge center, near the earthquake's epicenter, tempers were short even before people knew they were not going to get in.

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Women selling bread on the streets of Moscow on Friday. The vendors offer loaves at double the normal price to people who want to avoid waiting in freezing temperatures in long lines at bakeries.

RUSSIA: As Cabinet Focuses on Industry, West Asks, 'Who Lost Reform?'

Continued from Page 1
reform parties in the elections, Mr. Talbott said the lesson for Russia might be "less shock and more therapy," a quip that received enormous play in Russia.

As stated, it implied that "shock therapy" had been applied by the reformers in Russia and had created significant popular hardship, though Mr. Talbott stressed that his statement was a call for broader — not slower — reform, with more attention to social protections.

Mr. Talbott, after unhappy reactions from Moscow and other administration officials, especially within the Treasury Department, retracted the essence of the remarks. But by then, Mr. Fyodorov said, "they were publicized very much by the opposition." Without meaning to, Mr. Fyodorov said, Mr. Talbott "helped the opposition, and he helped certain forces to influence the decision-making process here."

Mr. Gaidar and Mr. Fyodorov have argued that they have never been able to apply real "shock therapy," at least not after the spring of 1992, and that Russia has been hurt by too little radical economic reform, not too much.

"When Strobe Talbott says less shock and

more therapy," Mr. Fyodorov said bitterly, "I'd like to ask him what kind of shock therapy is it when inflation is 20 percent a month, where there have been only five bankruptcies up until now, when official unemployment is only 1 percent? Or is he not familiar with shock therapy in other countries?"

Mr. Talbott could not be reached for comment.

Mr. Gaidar was more restrained. "If the democrats had been united and had run the election campaign better," he told the Interfax news agency Friday, "the president would be in a better position now."

Two Western advisers to the outgoing government and close to the reformers, Jeffrey Sachs of Harvard University and Anders Aslund of the Stockholm School of Economics, submitted their resignations Friday to Mr. Yeltsin, saying that "the aims and policies announced by the prime minister are strongly contrary to our views."

In separate telephone interviews, they said that no official had asked them to resign. They have been asked to continue working with a group of Russian economists and are seeking

foundation support for continued research and congressional office space in Moscow.

Mr. Sachs said the Talbott remarks were unfortunately seen in Moscow by the reformers as an abandonment of these people. "But he said the largest responsibility for the collapse of this effort at classic reform lay with the International Monetary Fund, which had been charged with implementing Western efforts to help economic change in Russia."

This is a massive failure of Western efforts," Mr. Sachs said. "There was nothing inevitable in this result. We had a lot of ability to affect things and failed to do it. But the IMF, which held back \$15 billion in Western aid this year, always claimed that everything was going fine and fails to see any consequences to their failure to deliver aid."

IMF officials have made no public comment but are said to be disappointed with the makeup of the new cabinet. An IMF delegation due to arrive here next week may postpone its visit, since there is no finance minister yet and no 1994 budget. But Western diplomats said the chance of \$1.5 billion promised aid being released by the IMF any time soon was "slim to none."

Other economists believe that reformers' loss of influence will lead to a rapid "Ukrainization" of Russia's economy. Subsidies to money-losing factories, which conservatives managed to protect even during the reforms, will fuel inflation without shoring up pro-

GERMANY: Political Knots

Continued from Page 1
to a free market economy during the worst recession since the end of World War II, and other unexpected consequences of the post-Cold War period may be solvable only by a "grand coalition" government.

Such a coalition would unite Mr. Kohl's Christian Democrats, Foreign Minister Klaus Kinkel's Free Democrats, the opposition Social Democrats and perhaps other groups as well. It would be necessary in any case if neither of the big parties won enough votes to form a coalition with the Free Democrats, who have played a balancing role since the 1960s.

"Nobody wants a grand coalition, but it could become unavoidable," said Wolfgang Schäuble, the parliamentary floor leader of the Christian Democrats.

That will not happen if Rudolf Schärp, the 47-year-old premier of the state of RhineLand-Palatinate, who became the Social Democrats' leader last summer, has his way. He hopes that a string of state elections beginning in Lower Saxony on March 12 will bring his party to a 40 percent share of the national vote for the first time since the 1970s and put an end to Kohl era.

Mr. Schärp has begun moving his party from the fringes of the left, where it had been since its last chancellor, Helmut Schmidt, was replaced by Mr. Kohl in 1982. But so far, he has not been able to get it to agree to a larger UN peacekeeping role for Germany.

Speaking recently of the situation in Singapore, Prime Minister Goh Chok Tong noted that the population of the island-state was "now substantially younger than the developed countries, which gives us an advantage over them." He added, however, that in the next decades, "The gap will narrow and eventually almost disappear."

The aging population will have serious implications for our economic vigor and competitiveness," he warned.

Sanjiv Chowdhury, chief economist for the Asia-Pacific region in the Singapore office of Merrill Lynch & Co., said that in China, Japan and the four "tiger" economies, "growing medical care costs, including the need to build more homes for the elderly, rising pension payments and more welfare spending, could dampen economic growth in the coming decades."

He said the economic and social cost would be greatest for those East Asian countries that had the least-developed pension savings and social security schemes. With the exception of Japan and Singapore, such programs in the region are rudimentary.

The rapid aging of the population will challenge the traditional East Asian social support system in which families, rather than the state, assume responsibility for caring for the elderly.

Premises and post office boxes were searched Thursday in 52 raids aimed at the group Direct Action/Middle Germany. The Brandenburg Interior Ministry said material urging racist violence had been sent to Bonn for possible action.

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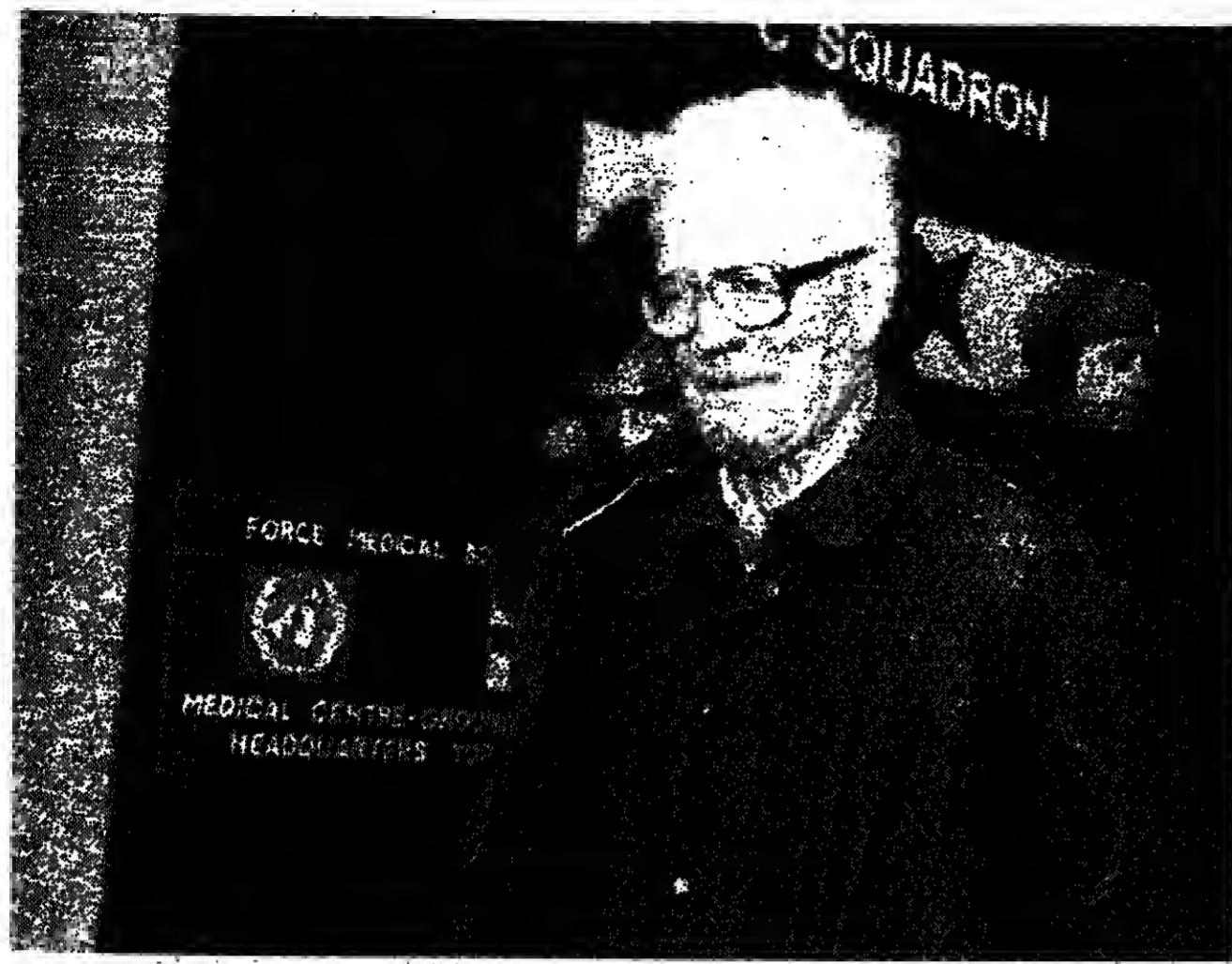
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Foreign Secretary Douglas Hurd on a visit Friday to a base in Tomislavgrad, Bosnia-Herzegovina, for British peacekeeping troops.

Paris Issues EU Threat Over Strasbourg

By Barry James,
International Herald Tribune

PARIS — Prime Minister Edouard Balladur said Friday that France would block the budget of the European Union unless it received ironclad assurances that the seat of the European Parliament will remain in Strasbourg.

"We will be intransigent on this point," he said in Strasbourg.

Derek Prag, senior vice chairman of the parliament's committee for institutional affairs, called the threat "plain blackmail" and "dreadfully irresponsible."

The parliament assembles one week every month in Strasbourg, but its committees meet in Brussels and the secretariat operates out of Luxembourg.

Many members are campaigning to get the parliament under one roof in Brussels. Peter

Picard, a member of the parliament's budget committee, said the cost of transporting members and documents and maintaining headquarters in all three places costs the EU about \$150 million a year, or about \$15 million for each meeting of the assembly.

The parliament has yet to sign accords with Strasbourg to build a new assembly chamber and offices and establish the parliament's presence in the city once and for all.

As a result, the French National Assembly is blocking legislation to expand the number of deputies to 567 from 518.

But the move incensed Germany, which is supposed to get 18 more deputies to reflect the increase in its population resulting from the reunification.

Parliamentary sources said the German Foreign Ministry wrote the French government a "frosty" letter insisting that the enlargement go through as agreed at the Edinburgh

summit meeting in December 1992. In an attempt to defuse the tension, the president of the European Parliament, Egon Klepsch, a German Christian Democrat, wrote to the foreign affairs committee of the National Assembly to express certainty that parliament will sign contracts to build its new headquarters in Strasbourg.

"His written commitment is quite clear and firm," said Mr. Balladur who meets with Chancellor Helmut Kohl this weekend. "Now it's a question of making sure it is upheld, and upheld over the years."

Mr. Prag said, however, that Mr. Klepsch's assurance was legally worthless. He accused the French government of trying to press Mr. Klepsch into "illegally placing him in order to build a new assembly chamber."

"He has no right to do that." Mr. Prag added. "This has to be a decision of the full assembly."

Oginga Odinga, Kenyan Leader, Dies

Reuters

NAIROBI — Jaramogi Oginga Odinga, 82, Kenya's most prominent opposition politician and a former vice president, died Thursday of a heart attack in Kisumu in western Kenya.

Kenya's first vice president after independence in 1963, Mr. Odinga was the leader of the main FORD-Kenya opposition party in the country's first multiparty parliament for more than two decades. Known as Double O, Mr. Odinga was opposed to President Daniel arap Moi, a vocal critic of high-level corruption and a leader of the successful campaign to end one-party rule.

Mr. Moi, under immense foreign pressure, was forced to fall in line with a continent-wide trend and returned Kenya to plurilateral in December 1991. But the Forum for the Restoration of Democracy split in two before the country's first multiparty election 12 months later and Mr. Moi was easily re-elected.

Kenya's founding father, Jomo Kenyatta, forced Mr. Odinga from the vice presidency in 1966, partly to consolidate his own power base, but also because Mr. Odinga's leftist views were at variance with his pro-capitalist and pro-Western stand.

Yevgeni Ivanov, 68, Spy in Profumo Scandal

MOSCOW (AP) — Yevgeni Ivanov, 68, the Russian spy whose involvement in a 1960s sex scandal brought down a British defense minister.

As a Soviet military intelligence officer in London in the early 1960s, he began seeing Christine Keeler, who also was sexually involved with the secretary of state for war, John Profumo.

When questions were raised about a possible security breach, Mr. Profumo at first denied knowing Miss Keeler, then admitted to the affair and resigned June 5, 1963. The scandal shook the gov-

ernment of Prime Minister Harold Macmillan.

Yen Chia-kan, 90, Former Taiwan President

New York Times Service

Yen Chia-kan, 90, president of Taiwan from 1975 to 1978, died Dec. 24 in Taipei, the Chinese Information and Culture Center in New York announced.

Mr. Yen became president under a provision of his country's constitution, upon the death of Chiang Kai-shek, the long-time Nationalist leader, in 1975. Mr. Yen, who was often called C.K. Yen in the English-language press, held office as president during the three-year balance of Chiang's term.

Michael Gale, 53, who steered Hongkong Telecom Ltd. through its 1988 stock flotation, died Tuesday of a heart attack, a day before he was to have been appointed deputy chairman of the company. He joined Cable and Wireless, owner of Hongkong Telecom, in 1959.

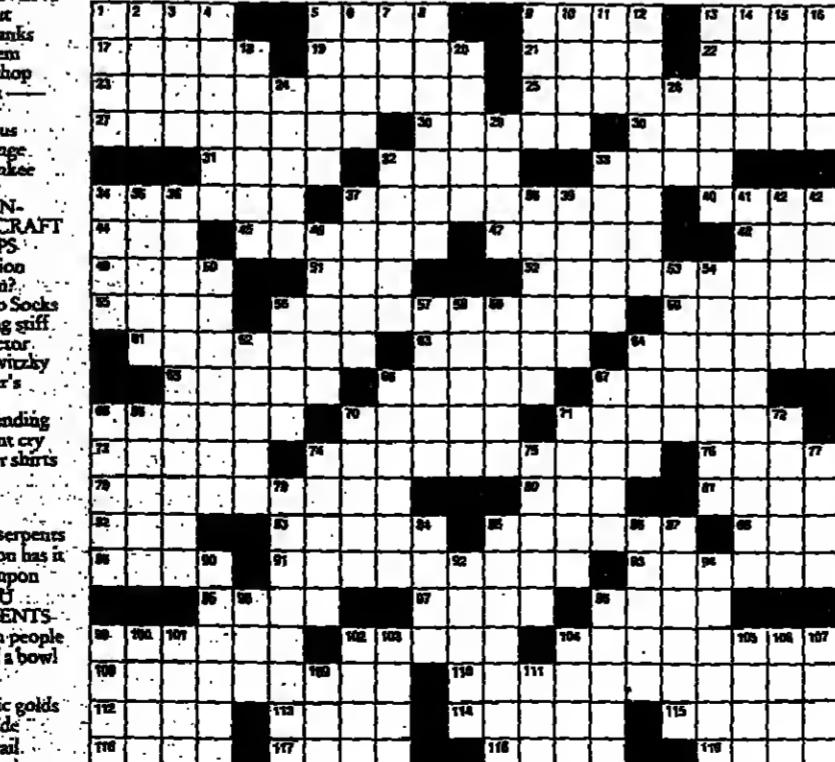
Alan G. Odell, 90, who developed the roadside rhyme advertising Burma Shave cream, died Monday in Edina, Minnesota. The couplet was written on five sequential billboards. A sixth always read, "Burma Shave." At one time, there were 7,000 sets of signs in 45 states. He became president of the company in 1948.

David Kirschbaum, 99, a dealer in rare books and manuscripts who was regarded as the dean of American booksellers, died Wednesday in New York. He began selling books at 8 from his father's pushcart in lower Manhattan. He rose to the top of the trade by dealing in American rarities, especially of the Founding Fathers and Abraham Lincoln.

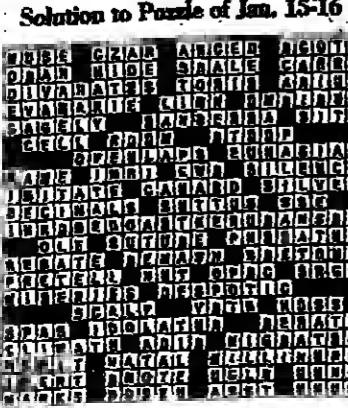
Bedia Murahib, 97, pioneering Turkish actress who launched her career at a time when religious convention in Turkey barred Muslim women from the stage, died Friday in Istanbul.

LEAP MOS? By Charles M. Deber

© New York Times Edited by Will Shortz.



Solution to Puzzles of Jan. 15-16



On Bosnia, Allies Agree Only to Bicker

U.S., France and UN Are Trading Blame Over Their Inaction

By Roger Cohen

New York Times Service

PARIS — Just 10 days after a NATO summit meeting called for urgent action, including possible air strikes, in Bosnia, allied policy over the former Yugoslav republic is once again in disarray, with the United States, France and the United Nations bickering over who is to blame.

To hear the French, the United States has balked over promised air support for a military operation aimed at opening Tuzla airport in northern Bosnia for relief flights.

To hear U.S. military planners, France has abruptly come forward with unacceptable calls for U.S. ground troops to participate in the Tuzla operation.

To hear UN officials, the problem is the failure of several countries, including France and Britain, to provide enough peacemaking troops to make the NATO plan feasible.

"From our standpoint, the planning is done," said a senior western official at the North Atlantic Treaty Organization in Brussels. "If it's air strikes we can do it. If it's close air support, we can do it. But we haven't even seen a plan from the United Nations Protection Force."

The current passing of blame among the Western powers for their paralysis over Bosnia reflects a pattern that has been almost constant during 21 months of diplomatic bluster over the war, accompanied by seemingly insignificant action.

Under the terms of Security Council resolutions, it is Secretary-General Boutros Ghali who alone has the authority to call in NATO air strikes, and it is he who has been

directing the drafting of military plans since the NATO summit meeting that ended Jan. 11.

But a French official said the first draft of this plan had concluded that more UN troops were needed in Bosnia before Tuzla airport could be successfully opened. "We are just not able to send more troops at this stage and we do not believe it is necessary," he continued. France has more than 6,000 soldiers in the 26,000-strong UN force.

Mr. Boutros Ghali is expected in Paris this weekend for meetings with Foreign Minister Alain Juppé. He will be followed on Monday by the U.S. Secretary of State, Warren M. Christopher, who will meet Mr. Juppé, Prime Minister Edouard Balladur and President François Mitterrand.

[Mr.] Boutros Ghali said Friday in the Hague that he would approve the use of air power in former Yugoslavia if it was requested by his special representative there, Yasushi Akashi. "Until now I have never received any request to use air power," Mr. Boutros Ghali said, according to Reuters. "If we receive a request I will certainly give the green light."

In a reflection of the frustration over the disarray that this flurry of meetings will contemplate, Mr. Juppé said this week that it was time to "sweep the table clean" and think again about Bosnia. The European Parliament, meanwhile, called for the resignation of the European Union's peace negotiator, Lord Owen.

The parliament criticized "the mandate and the strategy of the European Union and the United Nations mediators, who have brought no result and who persist in wanting to cut Bosnia-Herzegovina along ethnic lines."

It was precisely to secure concrete progress in Bosnia and to escape a cycle of vapid declarations that the NATO summit meeting called on the United Nations Protection Force "to draw up urgently plans to ensure that the blocked rotation of the force's contingent in Sarajevo can take place and examine how the airport at Tuzla can be opened for humanitarian relief purposes."

According to several officials, planning has

been to a fissure.

"Look," said one U.S. official. "President Clinton came to Brussels and said that if our partners were seriously ready, the U.S. would do its part on air support to get Tuzla open. Since then, all we've been hearing from the French is that more ground troops may be needed to secure Tuzla, and perhaps American soldiers could get involved. Well, that was never even contemplated or discussed in Brussels."

French officials dispute this account, saying that they have been frustrated by the lukewarm response from Washington to attempts to get on with the planning for a Tuzla operation. One official said there seemed to be no enthusiasm for providing U.S. planes for air cover.

What seems clear in the dispute is that Mr. Boutros Ghali wants more UN forces on the ground before he will call in NATO to open Tuzla airport. But neither the French nor the British, the main contributors to the force, are prepared to send more soldiers.

As a result, paralysis has once again set in.

"Right now we are going backward," said a French official. "We have to think again. One possibility is just to pull out completely—but that too seems unthinkable."

BOOKS

LEAVING HOME: A Memoir

By Art Buchwald. 254 pages.

\$22.95. Putnam.

Reviewed by Cyra McFadden

THE newspaper columnist Art Buchwald should leave his brain to medical science. We need to know even more about him than he tells us in this strikingly honest memoir, because if Buchwald has a mysterious extra chromosome, we should do our damndest to replicate it.

The celebrated humorist had the kind of childhood usually associated with serial killers. He grew up in orphanages and foster homes and never knew his mother, who, shortly after Buchwald was born, catered a mental hospital and spent the rest of her life there. At 14, he experienced another abandonment: His father, a struggling draper, finally managed to make a home for Buchwald's three older sisters but didn't include his son, whom he understated comment on this blow as "I was very hurt." But instead of becoming a sociopath, Buchwald

became a professional funnyman and a national figure whose columns skewer pretense and politicians. He pulled off this feat by an act of will. "I must have been six or seven years old and terribly lonely and confused, when I said something like, 'This stinks, I'm going to become a humorist.'"

Score one for humor as a means of survival and not, as some psychologists believe, a rise to avoid confronting pain. For Buchwald, we learn in "Leaving Home," it's a means of facing his demons, staring them down until they sink away. To the same end, he has spent years in therapy, coming to terms with old wounds and living through two clinical depressions that were so devastating, he considered suicide. What stopped him was the fear that "I would not make the New York Times obituary page. I was sure it would be just my luck that Charles de Gaulle would die on the same day and all the space would be taken up with tributes to him."

Buchwald planned his funeral anyway. The star-studded gathering in Washington would be followed by a memorial service in New York, "conducted by Tom Brokaw, John Chancellor, and Walter Cronkite." While the fantasy stops just short of becoming a sociopath, Buchwald

where he found his true family and "the best foster home I ever had." His wartime experiences, a substantial part of his book, are well-told but prove the adage, "You had to be there." Far more entertaining is his account of postwar Paris, in the glory days of the GI Bill of Rights, when he and his friends were young and "as unfettered as we would ever be. We had enough money to get by, and we had no responsibilities. We fit in and out of love and we talked an awful lot with each other at the sidewalk cafés." Best of all, in Paris, Buchwald conned his way onto the staff of the Herald Tribune and began his long, distinguished career. No one could possibly deserve one more.

Cyra McFadden, the author of "The Serial" and "Rain or Shine: A Family Memoir," wrote this for The Washington Post.

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International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Counsel's Independence

U.S. Attorney General Janet Reno has taken two important steps toward ensuring that the investigation of the Whitewater affair will be led by the "ruggedly independent" lawyer she had promised to appoint. Robert Fiske, named special counsel by Ms. Reno on Thursday, may fit the description. Mr. Fiske comes recommended for his legal skills, especially his ability to handle complex, high-profile cases like this. He served as chairman of the American Bar Association's standing committee that screened federal judges. He also brings a reputation for fairness and an impressive prosecutorial record as U.S. attorney in the prestigious Southern District of New York. That Mr. Fiske, a Republican, filled that position under former presidents Gerald Ford and Jimmy Carter says something about the regard political opposites have attached to his work.

His selection, however, is almost rivaled in importance by the scope of his inquiry. Ms. Reno has decided — wisely, we think — to leave that up to Mr. Fiske. His general mandate is sweeping: to find out whether there have been any violations of federal laws by anyone relating "in any way" to President and Mrs. Clinton and their relationships with the failed Madison Guaranty Savings & Loan, the Whitewater Development Corp., — in which the Clintons were partners with Madison's owner — and Capital Management Services.

Nothing, it would appear, is off limits to Mr. Fiske. That includes whether the Clintons were aware of any financial improprieties relating to

the flow of hundreds of thousands of dollars that may have passed through Whitewater's accounts. The alleged diversion of Madison funds into a Clinton gubernatorial campaign will also come under scrutiny, as will Madison's possible lenient treatment by Arkansas regulators on Governor Clinton's watch.

The probe will have two other intriguing aspects. The Capital Management Services relationship involves the case of David Hale, the former Arkansas municipal judge who goes on trial soon for allegedly defrauding the Small Business Administration. Judge Hale has charged that he was pressured by Mr. Clinton and his Whitewater partner, James McDougal, to make a \$300,000 loan, backed by the Small Business Administration, that turned up in Whitewater accounts.

Mr. Fiske says he will also try to find out if the suicide of Vincent Foster, the White House deputy counsel, was connected to any of the Clintons' Arkansas affairs. That is a tall order, especially since Mr. Fiske needs to be thorough at the same time as he needs to ensure that his probe is brought to an expeditious conclusion.

Ms. Reno says she does not expect the counsel to report to her. "I expect him to report to the American people, and I do not expect to monitor him." That is important, and it is right. The credibility of the investigation depends not just on Mr. Fiske's skills but also on his independence.

—THE WASHINGTON POST.

Clip This Old Bird's Wings

Old weapons systems never die — even after the mission they were designed for vanishes and the service that wanted them changes its mind.

Consider the prohibitively expensive Milstar satellite system, which was created by the Pentagon to relay military orders during a six-month nuclear war against the Soviet Union. Never mind that a nuclear war lasting six months was always hard to envision or that the Soviet Union no longer exists and the likelihood of war with its successors has all but disappeared.

The satellite program is marching ahead under a new flag that proclaims it can be adapted for use in conventional wars — despite huge cost and against the wishes of the air force, which tried to kill it to save money.

The Pentagon has already spent \$10 billion to design and build two of the communications satellites capable of protecting them from nuclear attack and transmitting messages to launch U.S. missiles. Now top civilian officials in the Pentagon want \$6 billion more to redesign and build four more satellites and send all of them into orbit.

Of course, the Pentagon needs satellites to communicate securely and instantaneously with its far-flung commands in wartime. But

Milstar is the pterodactyl of the satellite age. If the Pentagon gets its way, roughly half the money spent on military space communications would go to keeping Milstar alive. The Pentagon wants to redesign Milstar to expand its extremely limited data-handling capacity. It would replace Milstar's low-data-rate transponders, which can handle only 100 short messages at a time — as data rates a typical computer modem can beat. The new transponders would have 10 times more channels, but that is still a fraction of the capacity of today's run-of-the-mill communications satellites — and at seven times the price.

In buying Milstar the Pentagon is paying for protection the satellite does not need — hardening it against nuclear blasts and equipping it with rockets to evade attack. That is an unnecessary extravagance. So is the cost of lifting the five-ton beast into orbit.

Instead of paying \$1.4 billion apiece for new Milstars, the Pentagon could buy a top-of-the-line commercial satellite for \$200 million. The next secretary of defense ought to seize this opportunity for savings. Otherwise Congress should force the Pentagon to clip this pterodactyl's wings and replace it with a more effective, less costly bird.

—THE NEW YORK TIMES.

A Post-Quake Social Policy

"Why us?" the citizens of the Los Angeles area have a right to ask. Why fires and droughts and riots and unemployment and now a devastating earthquake? Californians made living on the edge, both personally and geologically, look so easy for so long. Is tragedy now inherent to Southern California, a place once known for optimism, individualism, enormous mobility — social as well as geographic — and a rich ethnic and social diversity?

These sorts of Big Think questions are popular whenever new tribulations strike Southern California, partly, we suspect, because many outsiders are jealous of the people who live there and enjoy pondering their troubles. Others just don't understand the place at all.

The disruption created by the earthquake, and the reaction to it, do tell us something about how Southern California works: that despite all the bad raps that part of the state and its inhabitants take, it does not lack a

powerful sense of community and a community will. We speak here not just of the many heroic stories of neighbors helping neighbors and strangers helping strangers, but of larger cooperative efforts at rescue and restoration.

But obviously Californians cannot begin to do it all. Aid from the federal government is essential. This is an issue on which President Bill Clinton has acted with proper speed. We doubt there are many people in the rest of the country who will begrudge the assistance that will now quickly flow to those whose homes and business have been destroyed by the accidents of the Earth's movement. Fortunately, calamities of this sort tend to unite regional rivalries and temporarily still the voices that normally cry out against acts of generosity sponsored by government. "There but for the grace of God go I" turns out to be a reasonable guide to social policy after all.

—THE WASHINGTON POST.

A Freeze on Government

Make no mistake, the Big Chill is serious business. As the New York Times headline said Thursday, this week's record-and-bone-breaking cold in America has disrupted "power, travel and life in general." Trains have been canceled, stores closed, emergency blackouts ordered. The one redeeming feature in all this misery is that the nation may learn to survive with a smaller federal government.

It may even learn to live with fewer lawyers, or at least with lawyers working fewer hours. The noted firm of Arnold & Porter sent everyone home at 4 P.M. Wednesday, causing high anxiety. "It's a major economic decision for an organization that bills by the hour," the firm's managing partner told The Washington Post.

Meanwhile, the Office of Personnel Management in Washington — responding to an emergency request by the Potomac Electric Power Co. — closed government offices for all but "essential personnel" at 3:01 P.M. Wednesday and kept them closed Thursday. It told "essential staff" to dress warmly inside the office and to use the stairs instead of the elevators.

Think of the identity crisis this worthy

—THE NEW YORK TIMES.

A 'Clinton Doctrine' That Permits Russian Meddling

By Stephen S. Rosefeld

WASHINGTON — In Moscow, Bill Clinton pretty much handed off to Russia the task of policing the unrest in the borderlands that formerly were part of the Soviet Union. Boris Yeltsin had asked the United Nations for such a grant of "special powers." President Clinton enunciated a kind of

It comes dangerously close to making America a tacit party to the reconstruction of the Russian empire.

Clinton Doctrine, one applying not to restrictive standards for U.S. intervention but to permissive standards for Russian intervention.

He characterized Russia's involvement in Georgia — where the Russian Army first contributed to and then exploited the local government's distress — as "stabilizing." He went on to liken Russian involvement in such operations to American involvement in Panama and Grenada "and other places near our borders."

No less striking is the pronouncement of, of course that Mr. Clinton is so much more clear and forthright about Russia's intervention in situations of strife near its borders than he is about America's intervention in situations of strife far from its own borders.

Let us stipulate that it comes naturally to a country with a long geopolitical reach (the United States) or an old imperial habit (Russia) to assign neighborhood intervention rights to the metropolitan power.

Set aside the modest irony of a somewhat Liberal American president embracing the Reagan-Bush interventions in Grenada and Panama. Set aside as well the painful irony of the lapses of the American interventionist urge in present-day Haiti. Policing what is, in fact, a sphere of interest is a familiar geopolitical choice, and is far from inherently reprehensible.

What President Clinton failed to fold into his remarks in Moscow, however, is the potential dark side of the Russian interventionist trend.

Two researchers, Fiona Hill and Pamela Levitt, spell it out in a Kennedy School paper, "Back in the

U.S.S.R." Moscow, pretending to

good deeds, is exploiting regional conflicts to destabilize its neighbors and re-establish its authority, they say: Washington is "acquiring in

newly independent states created out of the former Soviet Union."

This strikes me as an exaggerated or at least premature conclusion. In any case, the Clinton view skips past the fact that the Russian Army is moving not in the relatively settled geopolitical conditions of Central America and the Caribbean but in an anything-can-happen context where no rules reliably apply. Here civilian Russian nationalism is compounded

by a headstrong Russian Army's desperate quest for institutional survival.

Russia's policy in the near abroad is becoming more evident and more unsettling. Mr. Clinton's responses are going to have to be sharpened. His commitment to Boris Yeltsin cannot be allowed to extend to the point where the United States becomes by default a party to the reconstruction of the Russian empire.

The Washington Post.



Korea: Long-Ago Appeasement Narrows the Options Today

By A. M. Rosenthal

NEW YORK — For Americans, the most dangerous foreign problem of the moment is neither Bosnia, the Middle East nor Russia but the one they are paying the least attention to. It is playing itself out in Washington, Vienna and a country only a handful of Americans have ever seen, or want to see.

If any crisis boils over, the one guaranteed to involve American forces is North Korea's drive for nuclear weapons. The crossroads for both countries could be four or five weeks away.

U.S. government experts believe that North Korea already has a nuclear explosive device, or is a screwdriver away, so close that it has to be considered as nuclear-armed.

Americans remain casual because the Clinton administration, which inherited the latest Korean problem from the Reagan and Bush administrations, has not spoken lucidly and fully about it to the public.

Faced with the possibility of war with North Korea, the administration has done a "lousy job" of explanation to the public — the explanation of one high official. After poking around, I think the reason is that President Clinton is not keen on saying that if North Korea does not do as he asks, his options

run from the risky to the unacceptable. For that, the American people can blame Bill Clinton but a quintessential act of appeasement and betrayal that took place a year before he was born.

In 1945, after World War II, America turned over half of Korea, a unified country brutally delayed by Japan, to Joseph Stalin.

Add the last seven years of American dithering about North Korean moves to nuclear power and here we are — way up a mistaken-filled creek, waiting for the president to produce a magic paddle.

Mr. Clinton is asking North Korea to allow unconfined scheduled and unscheduled inspections by the International Atomic Energy Agency, based in Vienna. But North Korea has delayed and defied for so long that there is no guarantee that the safeguards left behind to stop violations between on-site inspections are now credible — or that the batteries functioning continuously, for instance.

U.S. officials say that every passing day puts another tick in the credibility. And this week

North Korea stalled agency inspections again. In mid-February the agency will meet in Vienna to decide on that. If it says North Korea delays could have allowed it to push unseen toward nuclear power, what then? Mr. Clinton would have to answer in any full briefing of the public.

Economic sanctions? To make them work, China, North Korea's ally, would have to agree; it has not done so.

How about bombing out North Korea's nuclear plants as Israel did in Iraq in 1981? But the United States does not know where all North Korean facilities are. And the Iraqi plant was not in operation. North Korea's are hot. What would be the fallout?

And consider this point, brought up by Paul Lewellen, president of the Nuclear Control Institute: North Korean retaliation to bombing could result in vastly more fallout in the South than in the North.

South Korea, he says, has nine nuclear electric-power plants within easy range of North Korean bombers. They total 1,600 megawatts. North Korea has 5 reactors at its sole operating reactor, and 30 megawatts in a plant under construction. North Korean retaliatory bombing could bring Chernobyl, multiplied.

With only hard military options, the Clinton people talk in cool, careful language. That can be upsetting to the appeasement-wary.

But the administration denies, flat out, that it has accepted one-shot inspection to appease the North. The United States hopes that North Koreans will accept the carrots of recognition, economic aid and maybe "peaceful" nuclear technology. That last could be an invitation to more trouble.

Two things might slow Pyongyang's risk-prone Communist monarchy. One is a private written presidential promise — if they bring it to war they will be hanged when captured, no Saddam deal.

And without sacrificing his human rights stand, Mr. Clinton could tell the Chinese, straight: Join us in embargo of North Korea or count us gone, along with any Beijing-Washington economic and political future.

On the North-South dividing line stand some American soldiers whose parents were not even born when the betrayal of Korea took place. Appeasement has a long life. Another generation always gets stuck with looking for the magic paddle.

The New York Times.

The 'Hostile Press' Makes a Poor Alibi

By Arthur Schlesinger

NEW YORK — The withdrawal of Bobby Ray Inman will, I suppose, provoke the customary lamentations about the evil wrought by a malevolent press in keeping the "best people" out of government.

There will no doubt be the further suggestion that this press misbehaves in a new and deplorable departure in American politics.

But democracy by definition is based on disagreement, debate and criticism. Why should any person appointed or elected to office expect immunity from the process?

By common consent, America's three greatest presidents were George Washington, Abraham Lincoln and Franklin D. Roosevelt. All were subjected in their day to savage, virulent and unjust criticism.

If they were fair game, who in the world is Bobby Ray Inman? That is the question that was raised by "modern McCarthyism" because three journalists dared write critical columns about him — especially when the columns were not about his private life.

To these questions, Lord Bryce offered a number of answers: the superior challenge of developing the material resources of the country, the absence of a class to which politics came naturally, the preference of party

Why Would Anyone Want The Vitriol and Misery?

By James Webb

ARLINGTON, Virginia — It is easy to dismiss Bobby Ray Inman's abrupt and seemingly penitent withdrawal of his nomination with the truism that all positions (save, perhaps the presidency) cannot afford the luxury of defense and cannot afford the ignoble ego.

Or perhaps there were other reasons for his withdrawal. But many who have left private-sector lives of power, prestige and financial comfort in recent years to face the brutal costs of serving their country can empathize with the admiral's dilemma.

First, government service has become largely reactive rather than creative. Political debate is sharper and commentary often vicious in the wake of such divisive issues as Vietnam, Watergate, the civil-rights movement and the sexual revolution. Leaders who take an unambiguous stand on key issues are often battered by media and interest group reactions from which they never recover.

Second, there is the commentary itself. There have been few times in history when negative feelings have so driven political thought.

Experienced former officials like Mr. Inman who have been required to deal with "real world" problems sometimes attract hostility from commentators whose judgment is propelled by a few lousy issues. This hostility sometimes slides into unvarnished vitriol. The result can be misery, culminating in an irreversibly snarled reputation.

Mr. Inman served many years in Washington. When he read William Safire's now infamous column (*IHT*, Dec. 24) he would have known beyond cavil that he was facing more than "a good pop," as Mr. Safire later put it. He was being targeted. Mr. Safire mocked him for continuing to use "Bobby," the name his parents gave him; he outlined secondhand allega-

tions from years ago and excoriated Mr. Inman as "anti-Israel." Then, through highly selective analysis, he labeled Mr. Inman as a "hail" and a "cheat."

Mr. Inman no doubt understood that for a few journalists every decision he could make as secretary of defense would be scrutinized not on its merits but because of its immorality.

And he must have decided that the good he could accomplish would never outweigh the determined barrage that would batter his character.

This is hardly McCarthyism, and it would not have driven a more determined figure from government.

But it does allow understandable pause to a man of Mr. Inman's wealth and reputation.

The political landscape is littered with casualties of the Reagan, Bush and Clinton administrations who have been targets of columnists and interest groups as they moved through the confirmation process — people whose lives will never be the same.

In our freewheeling society, these imbalances must be accepted as the preferred alternative to censorship.

Still, Mr. Inman, for all his flaws, was right to decry the irresponsibility of some political commentators. The former House speaker Sam Rayburn used to say, "Any jackass can kick a barn door down, but it takes a car-penter to build one."

Maybe the only sure answer to this sort of irresponsibility, and the impasse it is having on the formation of talented, cohesive administrations, is for those who run the media to ensure that there are more carpenters among today's political commentators.

The writer was assistant secretary of defense and secretary of the navy in the Reagan administration. He contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

The Dark World of Mario Sironi

By Ken Shulman

ROME — Here color is a stranger, a loud, overtly gay, almost apologetic intruder spilling into the somber scene. Light and day seem to have definitively fled, replaced by the dreary opacity of tar and smoke. Set in the mudbricks of a 10th-century industrial city, these urban landscapes shudder beneath an ominous shadow that falls with the same solemn ineluctability as night, but without night's transience. The rare human figure is ponderous and mute, as if resigned to living in a world where the most one can hope for is a servant's signed, wordless dignity.

The universe of Mario Sironi is one of solitude and desolation. Afflicted with lifelong bouts of depression and metaphysical anguish, the artist often projected his sense of alienation and futility onto his canvases. Executed in a narrow range of colors — ochres, burnt earths, an occasional, rotting green or blue — Sironi's paintings are the disturbing somnambulistic echo of man's loss of identity in the industrial world.

Seen through contemporary eyes, it is difficult to understand, however, how Sironi came to be one of Benito Mussolini's preferred artists. Sironi's archaic, pessimistic pessimism hardly seems the proper instrument to sound the swelling glories of the fascist revolution. Yet Sironi was a prized collaborator for several fascist magazines and newspapers. "Il Duce" himself delivered the opening speech at the 1922 inauguration of the exhibit of the "1900s" group that Sironi formed as a fascist alternative to the currents of Futurism and divisionism.

Certainly Sironi's affinity for fascism — he joined the fascist party in 1919 and became one of the regime's most popular and prolific



A nude, painted by Mario Sironi in 1928.

artists — compromised his reputation after World War II. Judged primarily by the monumental public works he executed for Mussolini's government between 1930 and 1940, Sironi was dutifully dismissed as an enthusiastic regime propagandist and painting in full splendor maturity. In these canvases, Sironi is a moral artist, seeking unsuccessfully to effect a reconciliation between man and the expanding industrial world that has robbed him of his bearings.

It is easy, in hindsight, to understand how a man as innately alienated as Sironi could be seduced by a fascist ideology that offered its acolytes a sense of place and balance. Ironically, Sironi's attempts at fascist propaganda — seen in the cartoons and preparatory drawings in the Rome exhibit — are undone by his own sensibilities. Even in the scenes where Sironi features groups of people, his figures are ultimately alone. While trying to compose a paean to Mussolini's revolution, Sironi painted portraits of isolation and solitude, two conditions that no regime has been able to resolve.

Ken Shulman is an American writer based in Italy.

The Mystery of Marie Laurencin

By Ginger Danto

MARTIGNY, Switzerland — She was called "La Fauteuse," "Our Lady of Cubism," and, in a dedication by Cocteau and Poulen, "a poor little doe" caught between the two movements. But in art as in life, Marie Laurencin remained enigmatic to the last. The illustrations entombed in her Paris in the heady postwar years. That was when she was still young of age as an artist, having staved the formal accoutrements of marriage — in favor of a femininity-oriented ménage — and any doubts as to her destiny.

The resulting oeuvre is the subject of a retrospective in the unlikely site of Martigny, Switzerland, the home of the Pierre Gianadda Foundation. Laurencin rarely visited Switzerland and had only one exhibition there, in Geneva at the end of her life. But the current Swiss connection is more circumstantial.

It was in the Japanese prefecture of Nagano that a Japanese businessman and avid collector marked the 1983 centennial of Laurencin's birth (she died in 1956) by establishing a museum named for her. The 100 oil paintings, watercolors, drawings and iconographic documents on view in Martigny (through March) come from the permanent collection of the Marie Laurencin Museum. The ensemble's journey to Martigny reflects Japanese presence in promoting an artist for whom recognition was a matter of time. As for the 15-year-old Gianadda Foundation, part of its curatorial mandate has been to champion women artists whose time has come.

The setting of semiarid Switzerland is, moreover, appropriate for Laurencin, whose personal and painterly style was outside the current, in a world informed but not affected by reality. However impracticable in real life — episodes of Laurencin's tempestuous amour collapsed like so many



Detail from "Musique," oil on canvas, c. 1944.

spent still-life bouquets — her vision of an ideal was sustained in painting. The pastel palette, the finely silhouetted portraits, the delicately suggested interiors or gracefully orchestrated flora and fauna, all make for scenes that seem just this side of slumber, their color and composition skewed by leftover dreams. Irrespective of the images represented, Laurencin's work is imbued with a softness, like a gossamer prism through which one peers into the subject's world.

A sadness lurking in the faraway looks of figures even in revelry suggests that the moments depicted could not reasonably exist beyond the frame. Laurencin realized this. Her art was a reckoning between two worlds, and when the outer one failed, she delved passionately and deliberately into the one within.

Portrait Medal Show Opens in Washington

The Associated Press

WASHINGTON — The National Gallery is opening on Sunday the first big American exhibition of early portrait medals, the first dating from 1438. More than 200 will be on display, designed by artists in Italy, Germany, France, the Netherlands and England.

"The Currency of Fame: Portrait Medals of the Renaissance" will be at the National until May 1, at the Frick Collection in New York, May 24 through Aug. 22, and at the National Gallery of Scotland in Edinburgh, Sept. 22 through Dec. 20.

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Wednesday, January 26

Room 7 at 2 p.m. — FURNITURE & OBJETS D'ART. ADER TAJAN, 12, rue de la Grange Batelière, 75009 PARIS. Tel: (1) 48 00 99 44. Fax: (1) 48 00 98 58.

Monday, January 31 - Tuesday, February 1

Room 1 at 2.15 p.m. PAR EASTERN ART. Expert: M. Th. Portier. ADER TAJAN, 12, rue Favart, 75002 PARIS. Tel: (1) 42 61 80 07 - Fax: (1) 42 61 39 57. In New York please contact Kety Maisonneuve & Co. Inc. 16 East 65th Street, Fifth Floor, N.Y. 10021. Phone: (212) 737 35 97/737 38 13. Fax: (212) 861 14 34.

Wednesday, February 2

Room 14 at 2.15 p.m. FURNITURE & OBJETS D'ART. ADER TAJAN, 12, rue Favart, 75002 PARIS. Tel: (1) 42 61 80 07 - Fax: (1) 42 61 39 57. In New York please contact Kety Maisonneuve & Co. Inc. 16 East 65th Street, Fifth Floor, N.Y. 10021. Phone: (212) 737 35 97/737 38 13. Fax: (212) 861 14 34.

Thursday, February 3

Room 1 at 2.15 p.m. JEWELRY - SILVERWARE. Experts: M. J.P. Fromanger, Véronique Fromanger, Mme. Ch. Beauvais. ADER TAJAN, 12, rue Favart, 75002 PARIS. Tel: (1) 42 61 80 07 - Fax: (1) 42 61 39 57. In New York please contact Kety Maisonneuve & Co. Inc. 16 East 65th Street, Fifth Floor, N.Y. 10021. Phone: (212) 737 35 97/737 38 13. Fax: (212) 861 14 34.

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Henry Moore's "Seated Figure," 1930, and "Standard Bearer," a Toltec-Mayan figure from Chichen Itza.



Ancient Sources, Modern Art

International Herald Tribune

NEW YORK — There is a deep yearning among those attached to cultures destroyed by war and invasion to show that they somehow survive. It probably inspired Barbara Brauns's choice for the "Ancient American Sources of Modern Art," the subtitle she chose for her book "Pre-Columbian Art and the Post-Columbian World" (Harry N. Abrams).

The implicit parallel is with African art, which with its impact on Picasso and Brâque, who lead the Cubist movement, is seen as a fundamental factor in the emergence of 20th-century aesthetics. But with pre-Columbian art, things were different. It affected individual artists, not a whole school. Braun tells each story in a succession of unrelated chapters. Some contain gripping revelations.

She starts with the case of Gauguin. The French painter had a family connection with Peru, which is rarely remembered even by specialists. His grandmother was born in Lima, the daughter of an aristocratic Spanish colonel stationed there. Little Paul lived in the Peruvian capital between the ages of 1 and 6. Back in France, in Saint-Cloud on the outskirts of Paris, he was repeatedly exposed to pre-Columbian art. His mother brought back a collection of Peruvian pottery "and quite a few figures of solid silver," which he found very beautiful. He was around them until a fire destroyed them in 1871.

Gauguin mentions all this in his diary, "Avant et Après." Elsewhere, he reminiscences about "a very beautiful collection of vases (Inca pottery)" of an old family friend in Paris.

No wonder that one of the pots that Gauguin made as a sideline displays a Peruvian device. This is a hollow arched handle from which two spouts rise at opposite ends. Otherwise, the uneven rough body of the vessel betrays the influence of Japanese stoneware, which Braun does not discuss — Japanese pottery collected in France from the 1860s inspired the French school of Modernist pottery. Nor is she aware that another pot in the form of a human head is a model borrowed from Antiquity not Peru, which neither has the open top nor the handle at the back. As for the glazed stoneware in which it is made, it is gloriously Far Eastern. The pre-Columbian in Gauguin's oeuvre, even confined to 1871.

In a 1956 poem, Laurencin, who illustrated many books, wrote "They will say things about her but they will not know how she liked calm, the simple life.... Her masters: chance, time." The latter may have duly inspired to generate much talk about Laurencin and her work, but the exquisite mystery surrounding both remains somewhat intact.

Ginger Danto is a free-lance journalist based in Paris who specializes in the arts.

Italy or Greece, but to the British Museum. "After the first excitement, it was the art of ancient Mexico that spoke to me most," Moore wrote. As early as 1922, a mother and child group reproduce something to the geometric patterns of a Mixtec temple at Mitla in Oaxaca, Mexico. And images of the Upper Temple of the Jaguars' southeastern view at Chichen Itza must have been shooting through Wright's mind as he designed parts of the house. Yet so thorough is the assimilation that the architect's denial of "influence" no longer sounds as boastful as indicated by Braun.

Occasionally, though, the model shows through as in John Snowdon's House, built in 1926 in Los Angeles, and the result is Modernist kitsch.

BRAUN then turns to pre-Columbian influence within its own territory. The best is the story of Diego Rivera. Muffed by the leaden academic style, this is the stuff of a great satirical novel not remotely intended by the writer. There is Rivera, the progressive artist (she loves the adjective) who goes to Europe, where he becomes aware of his pre-Columbian roots, turns into a proper avant-garde intellectual in the orbit of Picasso, Gertrude Stein and the poet Apollinaire, and becomes quite a competent Cubist artist with an obvious coloristic debt to Juan Gris. Rivera goes home, a dedicated Communist, proletarian-of-the-world-unite style. He becomes the revolutionary-in-residence as he is showered with government commissions.

Ironically, Frank Lloyd Wright, the artist on whom the influence of pre-Columbian Mexico was the most noticeable denied ever undergoing "an exterior influence." Yet, the architect confessed in a moment of weakness: "I remember, as a boy, primitive American architecture, Tohono, Aztec, Mayan, Inca, stirred my wonder, excited my wistful admiration." In 1893, Wright visited the World's Columbian Exposition in Chicago, where full-scale plaster casts of monumental ruins in Yucatan could be seen.

And there is Rivera, the compulsive pre-Columbian art collector who started in his teens, picking up small terra-cotta for a few centavos on the Sunday market. Serious collecting, in Braun's words, began around 1930. All his money, and more went into it. We hear of the great man sneaking off to Tlalocito, where thousands of artifacts turned up as a necropolis was savaged by urban development and of the local butcher who set cartons of objects aside for his best customer. Rivera's became the largest pre-Columbian collection ever formed in Mexico.

It is supposed to have been the vehicle of pre-Columbian influence in his art — which does not leap to the eye. His bombastically figural frescoes in the Autonomous University chapel at Chapultepec point to Michelangelo, remembered from his tour in Italy, and William Blake, whose name is not mentioned, nor that of Le Douanier Rousseau. Yet the latter was obviously at the back of Rivera's mind when he incorporated the image of the Aztec god Xochipilli. But this is not influence. It is mere exorcism under the guise of a claimed heritage.

The integration had gone one step further

BUT it took another two decades for pre-Columbian influence to come out clearly. Some of the most interesting structures that prove the case were demolished long ago. Gone is Midway Gardens, built in 1914 in Chicago. There, the use of some long blind walls with a surface modulated by geometrical relief designs distinctly echoes the Temple of the Warriors in Chichen Itza.

Gone, too, is the Imperial Hotel in Tokyo, a huge project that occupied Wright from 1911 to 1922. It must have been marvelous. Mayan temples and designs left a mark as Braun points out, but so also did Japanese temple architecture, which she does not discuss. Everything is fully absorbed, blended in a cohesive form language.

The integration had gone one step further

ART EXHIBITIONS

NEW YORK

ART DEALERS ASSOCIATION OF

SIXTH ANNUAL

The Art Show

FEBRUARY 24TH THROUGH 28TH

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SIXTH ANNUAL

The Art Show

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The Art Show

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ART DEALERS

NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, JANUARY 22-23, 1994

Confidential on Page 11

TO OUR READERS

IN

GREAT BRITAIN

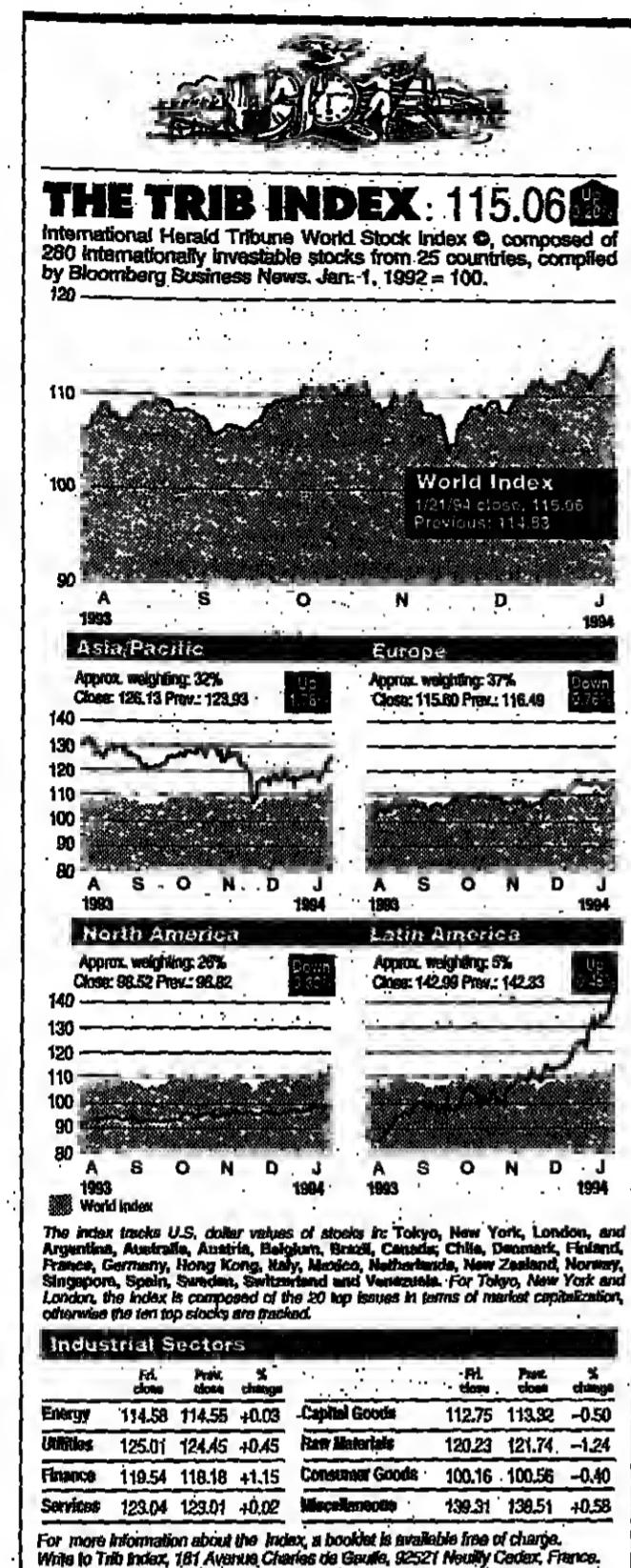
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BUSINESS

International Herald Tribune, Saturday-Sunday, January 22-23, 1994

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Industrial Sector	Fd. close	Pkt. close	% change	Ph. close	Pkt. close	% change	
Energy	114.58	114.55	-0.03	Capital Goods	112.75	113.32	-0.50
Utilities	125.01	124.45	-0.45	Raw Materials	120.23	121.74	-1.24
Finance	119.54	118.18	+1.15	Consumer Goods	100.16	100.56	-0.40
Services	123.04	123.01	+0.02	Miscellaneous	139.31	138.51	+0.58

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ECONOMIC SCENE

Shaking Off the Quake and the Cold

By Lawrence Malkin

International Herald Tribune

NEW YORK—Americans may be suffering from an earthquake in California and a record cold wave in the East and Midwest, but forecasters said Friday the U.S. economy is likely to continue on a roll early this year, not deeply affected by these acts of God.

Long-term effects of the Los Angeles earthquake are still being debated and may hinge mainly on whether business has the confidence to start and invest. In the short run, said David Munro of High Frequency Economics, "It's amazing how flexible people are and how they manage when the temperature drops or the earth shakes."

The freeze will have a greater impact on national statistics because of its wider geographical reach, analysts said. Allen Sinai, chief economist of Lehman Brothers, said the sharpness of the cold snap could shave one-quarter to one-half a percentage point off growth in the first quarter, but this probably will be submerged by the wave of consumption spilling over from the end of last year that still could produce growth at a rate between 2.5 and 4 percent from January through March. (Latest indications from U.S. government officials are that growth in gross domestic product might have been as high as 6 percent in the final quarter of 1993.)

No major economic forecasters has announced any change in the outlook for 1994 of about 3 percent growth nationwide.

So far the cold wave and heavy snow have lasted a week to 10 days, and relief is forecast by the weekend. Although this has disrupted business, and cut housing starts and sales of

all sorts, most economists say the result is likely to be a shift in spending patterns that will even out over time.

For example, restaurants and shopping malls lose but utilities and oil companies gain. "People don't go out to dinner and they stay home and turn up the furnace," said Cynthia Latta of DRW/McGraw-Hill.

Munro pointed out that in the medium

"It's amazing how flexible people are and how they manage when the temperature drops or the earth shakes."

term even the extra profits to the utilities will balance out elsewhere in the economy. This, he said, is the case because "when the higher bills come in, they act as an excise tax and slow personal spending."

Chris Vaupel of Lawrence Mayer & Associates in St. Louis, Missouri, pointed out that U.S. national accounting methods could reduce corporate profits in the first quarter by an annual rate of \$20 billion on paper because of California property losses and insurance company payoffs, but the next quarter would show a pickup. Real production losses in California might be \$300 million, and that is a drop in the national bucket.

Only about 40 percent of the private homes in Los Angeles were insured against earthquakes, and many policies have high deductibles. Rebuilding of private homes is likely to proceed slowly, in part because assessing earthquake damage is highly problematical.

President Bill Clinton has made disbursement of federal money a priority. In an effort to obtain maximum federal help, Governor Pete Wilson passed on a damage estimate of \$15 billion to \$30 billion compiled from economic models—not from examination on the ground—by a San Francisco engineering consultancy under contract to the state. One federal economist said that as a rule of thumb, he starts by cutting such estimates in half.

The artificiality of these calculations, or at least their distance from real life, is underlined by the posted cost of sending home Washington's government workers this week to relieve the overloaded local power grid—a loss of \$60 million a day to taxpayers in wages paid for work not performed. But this calculation implies they will not be able to make up their work like others in such service jobs as bank clerks or even insurance adjusters. Alternatively, Mr. Munro remained playful, if free market purists are right, the economy should boom by losing the dead hand of government for two days.

Part of the problem is that the national economic accounts measure production, not wealth. Federal Reserve economists in Chicago reckon that repair work on the Midwest summer floods may have actually increased the gross domestic product, even when set against crop and other output losses. Good news for contractors, they said, but try to tell that to the farmers, businessmen, and towns whose houses, barns, factories, roads and sewer systems were swept away.

CURRENCY & INTEREST RATES

Cross Rates

Amsterdam, Brussels, Frankfurt, Madrid, New York, Paris, Rome, Tokyo, Zurich

Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela.

To buy one pound: £ To buy one dollar: \$ Units of 100; NLG: Not quoted; Kč: Not available.

Other Dollar Values

Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela.

Forward Rates

Currency: £ D.M. F.L. GBP I.E. Yen C.P. Pesos

Dollars: 1.2055 1.2075 1.2074 1.2073 1.2072 1.2071 1.2070

Deutsche Mark: 1.2055 1.2075 1.2074 1.2073 1.2072 1.2071 1.2070

French Franc: 1.2055 1.2075 1.2074 1.2073 1.2072 1.2071 1.2070

Yen: 1.2055 1.2075 1.2074 1.2073 1.2072 1.2071 1.2070

Canadian Dollar: 1.2055 1.2075 1.2074 1.2073 1.2072 1.2071 1.2070

Swiss Franc: 1.2055 1.2075 1.2074 1.2073 1.2072 1.2071 1.2070

Peso: 1.2055 1.2075 1.2074 1.2073 1.2072 1.2071 1.2070

Mexican Peso: 1.2055 1.2075 1.2074 1.2073 1.2072 1.2071 1.2070

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Forward rates: 1.2055 1.2075 1.2074 1.2073 1.2072 1.2071 1.2070

Source: ING Bank (Amsterdam); ING Bank (Brussels); Banque Commerciale (Paris); Banque de France; Banque de Tokyo (Tokyo); Royal Bank of Canada (Montreal); IMF (SOI). Other rates from Reuters and AP.

Eurocurrency Deposits

Jan. 21

Dollar D-Mark Swiss Franc Sterling French Franc Yen ECU

1 month 3.3% 6.1% 4.1% 5.5% 6.1% 6.1% 6.1%

3 months 3.1% 5.1% 3.1% 5.1% 5.1% 5.1% 5.1%

6 months 3.0% 5.0% 3.0% 5.0% 5.0% 5.0% 5.0%

1 year 3.0% 5.0% 3.0% 5.0% 5.0% 5.0% 5.0%

Sources: Reuters, Lloyds Bank.

Rates applicable to interbank deposits of \$1 million minimum for equivalent.

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1 year 3.0% 5.0% 3.0% 5.0% 5.0% 5.0% 5.0%

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Sources: Reuters, Lloyds Bank.

Rates applicable to interbank deposits of \$1 million minimum for equivalent.

Jan. 21

Dollar D-Mark Swiss Franc Sterling French Franc Y

BAT to Cut 700 Jobs at U.S. Tobacco Unit

Compiled by Our Staff From Dispatches

LONDON — BAT Industries PLC said Friday it was cutting 700 jobs and taking a charge of £45 million (\$67.45 million) as part of a reorganization of Brown & Williamson Tobacco Corp., a tobacco unit based in Louisville, Kentucky.

Attali Faults A 'Shameless' Set Of Bureaucrats

The Associated Press

PARIS — Jacques Attali blames "shameless" bureaucrats with driving him to resign last year as president of the European Bank of Reconstruction and Development.

In a new book, "Europe(s)," he relates his account of his brief but stormy stewardship of the fledgling London-based bank. Mr. Attali resigned last July after press reports revealed he had spent more air travel, parties and refurbishing the bank's headquarters than on the developing economies of Eastern Europe, the bank's main mission.

"Doubtless, I made mistakes," he concedes. But he takes to task bank bureaucrats whom he described as "shameless" and filled with "a great desire to destroy."

He implies that what they wanted to destroy was his reputation and, he adds, "the press was nothing other than their loudspeaker."

BA's North Pacific Route ANA Is Reported to Suggest Alliance

AP Wire News

LONDON — British Airways PLC is expected to strengthen its international alliances by seeking a partner in the North Pacific to complement its investment in Qantas Airways Ltd., and by gradually increasing its involvement in USAir Group Inc., analysts said.

It said it expected the charge to be paid back within two years "through the increased profitability" of Brown & Williamson.

The reorganization of Brown & Williamson, which makes and markets Kool, Barclay and Capri brand cigarettes for the U.S. market, followed a review of its operations that took place last fall. Brown & Williamson said that most of the program is expected to be completed by the end of the first quarter of 1994.

The number of employees at Brown & Williamson's Louisville headquarters will be reduced by 20 percent, while its national sales force will be reduced by 25 percent.

In addition, direct communications for the sales force will be improved by reducing the number of sales areas, and salesmen in the field will be given more autonomy, accountability and sales incentives.

Brown & Williamson has said that foreign sales of its Kent and Lucky Strike brands, which are made under license for the international market, were strong in Japan and the Far East.

International sales account for 50 percent of Brown & Williamson's total revenue, which in 1992 totaled \$3.86 billion, up from \$3.49 billion a year earlier.

(Bloomberg, AFP)

It would be logical for BA to look for a partner in Japan, Mr. Cunningham said, because this would open a further market for the company and "fill in a gap in its global network."

Another transportation analyst, who declined to be identified, said a Japanese partner

The British carrier is also looking to strengthen its link with USAir.

would complement the link with Qantas, which he called BA's most promising alliance.

But a North Pacific partnership is likely to be limited to a marketing agreement, as BA already has equity stakes in four airlines, the analyst said.

Mr. Cunningham said there was also great potential for a partnership in China, where a small airlines abound and the market is rapidly expanding. He said these airlines would benefit greatly from a link with an airline in the West.

He said, however, that taking an equity stake in a Chinese airline is a problem.

Ian Rennerdson, Yamaichi International (Europe) Ltd.'s transportation analyst, said China's infrastructure would have to be "up to scratch technically" to attract BA, but he added there is "huge potential" there.

In Europe, Mr. Cunningham said the greatest potential for BA lies in France and Germany, where alliance partners are TAT Airlines and Deutsche BA.

In Russia, politics are delaying BA's proposed Air Russia project with Aeroflot.

Analysts said BA's strategy for future partnerships will depend greatly on the performance of USAir, in which BA has a 24.6 percent stake.

Mr. Cunningham said the issue with USAir was whether BA would be able to make "decent profits" in the face of "very tough" competition in America.

Last week, USAir announced a new strategy focused on low-cost short-haul services, which are designed to fight back against low-cost competitors that have moved into USAir's East Coast market.

Analysis said an increase in BA's stake to just under 50 percent and in management involvement may also help to improve USAir's performance.

Last summer, Mr. Marshall said the company would like to increase its stake in USAir to 32 percent, then to 41 percent.

The U.S. government on Jan. 7 announced plans to raise the limit on foreign ownership of domestic airlines to 49 percent of the voting stock, from 25 percent.

Mr. Cunningham said that if BA does increase its stake in USAir, it will improve the prospects for the alliance, although it remains "the most risky part of BA's portfolio."

U.S. Firms Talk With Illyushin

The Associated Press

MIDDLETON, Connecticut — Pratt & Whitney and Rockwell International Corp. are negotiating a deal with the Russian aircraft manufacturer Illyushin to help produce the IL-96M jetliner, officials said Friday.

It would be the first time U.S. aerospace technology had been used in a Russian-made aircraft, U.S. government and company officials said.

Pratt & Whitney, a division of United Technologies Corp., would provide the jet engines for the IL-96M, a four-engine wide-body jetliner that carries more than 300 people. Rockwell, based in Seal Beach, California, would provide the avionics, or electronic systems for the jets.

The U.S. Trade and Development Agency said it would pay \$1 million for feasibility studies on melding the Russian aircraft frames.

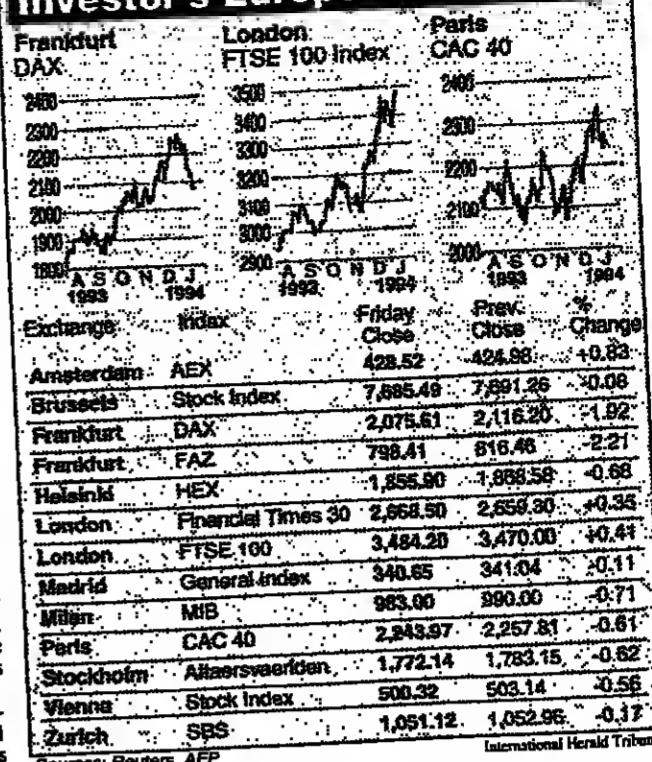
U.S. officials said they hope that Pratt and Rockwell will be able to sign a contract with Illyushin by November with a month.

They said the project could involve the initial purchase of 20 jetliners by Aeroflot Russian International Airlines and eventually create about \$1 billion in U.S. exports.

The deal would be a major boost for Pratt, which has cut thousands of jobs over the past two years because of the decline in U.S. military spending and the stamp in the commercial aviation industry.

The venture was announced by U.S. government officials at Pratt & Whitney's jet engine plant in Middletown.

Investor's Europe



Sources: Reuters, AFP

International Herald Tribune

Very briefly:

- West Germany's gross domestic product in the fourth quarter grew about 0.5 percent from the third quarter, the same as in the second and third quarters. Its producer prices fell 0.1 percent in December from November and fell by the same margin from December 1992.
- Britain's gross domestic product rose by 2 percent in 1993 and by 0.7 percent in the fourth quarter from the third quarter.
- France said its consumer prices in December fell by 0.1 percent from November and rose 2.1 percent from December 1992.
- Portugal is planning to restructure its steel industry before attempting to privatize it.
- Metallgesellschaft AG said the accord reached with its creditor banks has allowed it to resume payments to suppliers.
- AEG AG said it had formed a joint venture for the production and sale of locomotives with Russian partners and the Russian state railway. Peter Gold, head of AEG's rail transport division, said "this is a basis for a business worth billions" of marks.
- Cable & Wireless PLC said its West Indian unit has signed a memorandum of understanding with France Telecom and American Telephone & Telegraph Co. to plan a fiber-optic submarine cable system joining 14 islands in the Caribbean. (Bloomberg, Reuters, Knight-Ridder, AFP, AP)

Giant Dutch Pension Fund Seeks New Horizons

Reuters

HEERLEN, Netherlands — The Dutch pension fund ABP, the world's second largest, has a problem that others would be pleased to share.

Because of a recent change in its investment guidelines, it must now decide where to get a better return for the 75 billion guilders (\$39 million) it receives every day in investment income and contributions from Dutch civil servants.

Based far from the financial capital of Amsterdam in southern Limburg Province, ABP wields enormous influence but is sometimes hampered by its size.

ABP now has the go-ahead to double its investments outside the Netherlands to 10 percent, and can raise its equity portfolio to a maximum 20 percent of its total assets.

The giant fund recently won permission for a more flexible investment strategy after

years of lobbying in The Hague. ABP's investment chief, Jean Frijns, will now embark on a share-swapping spree.

"Over the next five years we expect to invest two billion guilders a year in foreign equity," he said.

Over time, Mr. Frijns wants to fundamentally change the shape of ABP's portfolio, and with 180 billion guilders of assets invested, this means major readjustments with huge implications for the markets.

ABP is trying to boost returns on investments and plans to spend more on shares, property and foreign bonds as falling Dutch interest rates trim returns in its home market.

ABP will not be a big buyer of European

privatizations because it believes such offers are rarely a bargain.

Mr. Frijns dismissed analysts' fears that ABP will reduce state bond holdings as a result of the changes in investment policy. He said overall holdings would not fall from the current level of 23 billion guilders. He expects the entire debt portfolio to grow to around 160 billion guilders by the year 2000 from 135 billion now.

ABP has also won the freedom to deal in currency options and interest rate swaps, which Mr. Frijns plans to use to reshape the risk-weighting of its debt holdings.

The fund's arrival in this area promises to give a welcome boost to guilder swaps and millions of dollars in fees for banks, many of which have already beaten a path to Mr. Frijns's door.

Murdoch Man Shifts Jobs

Compiled by Our Staff From Dispatches

LONDON — Kelvin MacKenzie, who as editor of The Sun made the tabloid newspaper famous for its Conservative bent and its irreverence, will become managing director of British Sky Broadcasting Ltd., another Rupert Murdoch venture, the companies said Friday.

Mr. MacKenzie built circulation, and The Sun now sells about 3.78 million copies daily.

He will be replaced by Smart Higgins, 37, acting editor of Mr. Murdoch's News of the World.

(Reuters, Bloomberg)

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Herald Tribune.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000
most traded securities in terms of dollar value. It is
updated twice a year.

AMEX

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, JANUARY 22-23, 1994

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual, except where otherwise indicated.

noted, rates of dividends are annual disbursements based on the latest declaration.
a—dividend also extra(s).
b—annual rate of dividend plus stock dividend

- b — annual rate of dividend plus stock dividend.
- c — liquidating dividend.
- cid — called.
- d — new yearly law.

c — new yearly low.
e — dividend declared or paid in preceding 12 months.
f — dividend in Canadian funds, subject to 15% non-residence tax.

I—dividend declared after split-up or stock dividend.
I—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.

k—dividend declared or paid this year, an accumulative issue with dividends in arrears.
e—new issue in the past 52 weeks. The high-low range between

e — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.

^r/C — price-earnings ratio.
^r — dividend declared or paid in preceding 12 months, plus
 stock dividend.
^s — stock split. Dividend begins with date of split.

^b - stock split. Dividend begins with date of split.
^c - sales.
^d - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.

e — new yearly high.
v — trading halted.
w — in bankruptcy or receivership or being represented by
attorneys.

✓ — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
— when distributed.

W — when declared.
WI — when issued.
WW — with warrant.
X — ex-dividend or ex-rights.
Y — yield.

x - ex-distribution.
xw - without warrants.
y - ex-dividend and sales in full.
vd - yield.

Sales to Asia Lift Japan Surplus to Annual Record

Compiled by Our Staff From Dispatches

TOKYO — Japan's merchandise trade surplus increased by 13 percent to a record \$120.4 billion in 1993, fed by booming exports to Hong Kong, Taiwan, South Korea and China, the Finance Ministry said on Friday.

The surplus, which exceeded the previous mark of \$106.6 billion in 1992, included a record \$54 billion surplus with Asia, 28.8 percent wider than the previous year. It also included a \$30 billion surplus with the United States, which represented growth of 15.2 percent.

Economists and financial market analysts said the trade figures would stoke economic tensions between the United States and Japan, and could put upward pressure on the yen.

Japan's 1993 surplus with the European Union shrank by 15.6 percent to \$25 billion.

Economists had been saying in recent months that the growth in Japan's external surpluses was nearly exhausted, largely due to the strength of the yen, which makes the country's exports more expensive.

But the December surplus grew to \$12.93 billion, not adjusted for seasonal variations, from a surplus of \$11.20 billion a year earlier. That

reversed a 2.2 percent decline to \$7.4 billion in November.

Imports grew just 0.7 percent in dollar terms in December — economists said low oil prices were one factor — although they rose 4.6 percent in volume. Exports rose 6.1 percent in value to \$322.4 billion, but fell 2.4 percent in volume.

Economists said the surplus was still likely to decline in 1994, with a hoped-for domestic recovery in Japan.

"I think the trend will be gently downward, but the emphasis is on the word 'gently,'" said Peter Morgan, chief economist at Merrill Lynch Japan.

Overall, exports grew almost twice as fast as imports last year, climbing by 6.3 percent to \$361 billion. Imports grew by 3.2 percent to \$341 billion.

A Finance Ministry official said it was the first time that a full-year surplus with non-Communist Asian countries exceeded the surplus with the United States.

Exports to these countries rose by 16 percent to \$135 billion, led by semiconductors, cars and steel. Imports from the region advanced by 8.9 percent to \$81 billion, led by textiles and wood products.

(AP, Reuters)

Giving the Chinese Credit

Installment Plan Is a Hit for Singer

Bloomberg Business News

GUANGZHOU — When executives of Singer Co. look at the Chinese market, they don't just see 1.2 billion potential consumers. They see 1.2 billion potential borrowers as well.

Less than a year after introducing the first installment purchase program in China, the maker of sewing machines and other consumer durable goods says it is finding ample demand for credit among the traditionally debt-shy Chinese.

"It has been, if anything, better than our expectations," said Jeremy Watson, managing director in charge of marketing in China and a joint venture factory in Guangzhou.

Singer pioneered the sale of consumer durables on an installment plan when it began selling sewing machines in the United States 140 years ago.

And analysts believe the potential for developing a consumer lending business in China is enormous. Mark Hodde, a senior analyst at GK Goh, a securities house in Hong Kong, predicted that this business would succeed because it meets the needs of China's vast low-income population.

Mr. Watson said that in Malaysia, for example,

as many as 95 percent of purchases are made on the installment plan, known as "hire purchase."

Singer, which is controlled by the Hong Kong concern Sun-Tech (Global) Ltd., formed a joint venture last May with Industrial & Commercial Bank of China, the country's largest savings bank, to bring the hire-purchase system to China.

The venture was originally set up as a six-month trial. Company officials didn't know if Chinese consumers, newly introduced to capitalism, would take to the idea of buying goods on credit.

"There's a traditional, ingrained aversion to credit for some, but not among all," Mr. Watson said. Rather than ask about interest rates on installment purchases, most consumers simply want to know how much they need to pay each month, he said.

The interest that Singer collects on hire purchases, which can be double rates charged by banks, helps make up for the very low retail profit margins from business in China, the executive said.

Mr. Watson said he "wouldn't be a bit surprised" if Singer ended up in China as in Malaysia, as a kind of financial services company.

Singer has six stores in Shanghai and plans to open one in Guangzhou this month. Last year, the company hoped to open 12 stores but found getting government approvals and hiring and training staff took longer than expected. Mr. Watson said

Rather than ask about interest rates, most consumers just want to know how much they need to pay each month.

the company hopes to expand to eight more cities this year.

So far, the stores' biggest seller has been televisions, made by other manufacturers and sold under the Singer name. Sales of refrigerators and washing machines have suffered from high freight costs.

Sewing machines, Singer's mainstay business, are not yet a hot seller. Only 40,000 to 50,000 zig-zach sewing machines are sold in China each year, and Chinese manufacturers have never promoted sewing as a do-it-yourself way to keep up with fashion.

The company expects to begin using "canvassers" this year to pitch its products door to door. Eventually, Mr. Watson sees the company's stores as serving also to advertise the company's products, sell finance and provide a base for canvassers.

China Vows To Open Banking

The Associated Press

BEIJING — Chinese officials told Treasury Secretary Lloyd Bentsen on Friday that they planned to relax restrictions on foreign banks, including experimenting in letting them do business in the local currency.

At a news conference with Finance Minister Liu Zhongli, Mr. Bentsen praised the Chinese for making a "very major move."

Mr. Bentsen said he was optimistic that China would move quickly to make its currency, the yuan, fully convertible. But Mr. Liu declined to set a date, saying the government first needed the "tools for management of foreign currencies."

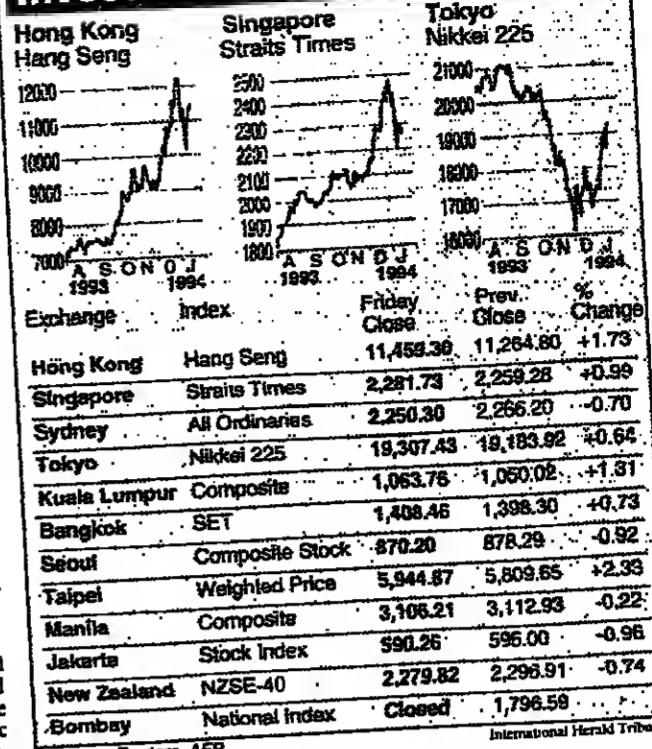
The news conference followed the opening by Mr. Bentsen and Mr. Liu of the first meeting of the U.S.-Chinese Joint Economic Commission in nearly seven years.

Foreign banks currently are allowed only to take deposits and make loans in hard currencies.

The significance of the new move depends on what terms the government sets for doing business in the local currency, and whether it allows the foreign banks to obtain large amounts of yuan through the Chinese central bank or the current swap markets.

The joint statement also said China planned to open up more cities to foreign financial institutions.

Investor's Asia



Sources: Reuters, AFP

Tokyo

Nikkei 225

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International Herald Tribune

Very briefly:

- South Korea's Finance Ministry proposed a special two-year tax on corporations to aid farmers hurt by the liberalization of rice imports: the plan would increase the tax on profits by 2 percent on earnings of more than 100 million won (\$123,000) and of 0.1 percent on stock trading.

- Hanwha Group's chairman, Kim Seung Youn, was given a one-year suspended sentence and a \$3.8 million fine by a Seoul court for siphoning off corporate funds and breaking foreign exchange laws.

- Ming Pao, a Chinese-language newspaper in Hong Kong, said it agreed to buy a controlling interest in the Chinese language edition of Asiaweek, called Yazhou Zhoukan, from Time Warner Inc.

- Toyota Motor Corp. reported that domestic sales fell 7.4 percent, domestic production fell 9.4 percent and exports also fell 9.4 percent in 1993; Nissan Motor Co. said domestic sales were off 8.4 percent, domestic output 14.5 percent and exports 27.4 percent.

- Shoichiro Toyoda, Toyota Motor's chairman, said he would accept the position of chairman of the employers' group Keidanren.

- Nippon Steel Corp., Sumitomo Metal Industries Ltd., NKK Corp. and Kawasaki Steel Corp. plan to ship a total of 260,000 tons of steel slab to the United States, giving work to steel blast furnaces that would otherwise be threatened with shutdowns. Nikkei English News said.

Reuters, AFP, AFX, Bloomberg

Urban Inflation Soars in China

Reuters

BEIJING — China's urban inflation rose sharply in December because of widespread panic buying, and for the year was nearly double the 1992 level, the official media reported Friday.

The Economic Daily quoted figures from the State Statistical Bureau showing annual inflation in 35 cities last month hit 23.9 percent, up from 21.9 percent in November.

Zhu Rongji, governor of the central bank, told bankers Wednesday that the underlying causes of inflation had not been rooted out and that inflationary pressure could surge again at any time.

Nationwide retail sales in December were 155 billion yuan (\$17.8 billion), up 35.3 percent from a year earlier and almost 30 percent higher than November.

Zhu Rongji, governor of the central bank, told bankers Wednesday that the underlying causes of inflation had not been rooted out and that inflationary pressure could surge again at any time.

The national inflation rate was 13 percent, its highest level since the late 1980s when surging prices

helped spur the failed 1989 pro-democracy protests.

December's high inflation was partly a result of extraordinary spending by a public nervous about a possible sharp increase in prices on Jan. 1.

The Economic Daily quoted figures from the State Statistical Bureau showing annual inflation in 35 cities last month hit 23.9 percent, up from 21.9 percent in November.

For the year, the urban inflation rate was 19.6 percent, against 10.9 percent in 1992.

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Saturday-Sunday,
January 22-23, 1994
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THE MONEY REPORT

FIRST COLUMN

'Sell': What Your Broker Really Means

So much for the idea of ringing out the old and ringing in the new. There is something depressingly familiar about the current allegations concerning the conduct of an investment manager of one of the world's biggest mutual fund firms. It's an old story — one which, it must be emphasized, remains only an allegation in this instance.

In brief, what has often happened is that the big guy beats up the little guy. The fund manager knows where the fund is going to invest and commits his own money ahead of the pooled cash of smaller investors.

There are two morals to this. Both revolve around how individual investors should react to people in the business of selling securities.

Moral No. 1 is to find the highest class of vendor possible. If you are going to invest you will deal with someone who sells you a service — a broking transaction service, a private banking asset management service, supposedly "inside" knowledge in a circular letter, shares in a mutual fund. The more established the vendor, the more concerned it will be about its reputation. Analyzed this way, the relatively high incidence of investors being ripped off by rogue newsletters is easily understandable.

As is the rare occurrence of wealthy individuals being ripped off by private banks, which guard their reputations jealously. It's sad, but true: The more money you have, the better life is.

The second moral is to learn to decode the financial language of people who sell things. Taking a somewhat skeptical view of brokers' recommendations, this column offers the following translations for language that is often more than a little over-excited. "Sell" means the brokers want the commission, "bold" means their earlier research was wrong but they're scared to admit it, and "buy" means — you guessed it — that they've already bought some themselves.

It may be that this is not a kind or nice way of looking at things. But then, who ever got rich by being nice?

M.B.

By Philip Crawford

GREAT heights may sometimes be followed by great falls, but will that be the case for emerging markets in 1994? Certainly, few experts are forecasting a year as spectacular as 1993, which saw some Asian markets climb well over 100 percent and some Latin-American markets rise more than 50 percent. But the consensus is that there is still plenty of room for growth.

Perhaps more significant in the long run, emerging markets appear to have turned a corner in how they are perceived by professionals and by private investors — no longer as just for gamblers but as a viable asset class for the mainstream investing public.

"The question today is not 'Do I invest in emerging markets?' but rather 'Can I afford not to?'" said Antoine Van Agtmael, chief executive of Emerging Markets Management, an American consulting firm.

"The total market capital of emerging markets has grown from \$200 billion in 1984 to almost \$1 trillion today," he said, "and that's still only the beginning. Why? Because many areas of the globe that are beginning to show economic growth still have no stock market. And over 50 percent of the world's population lives in these areas."

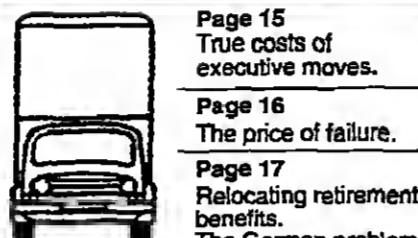
The pure numbers tell a big part of the 1993 story. In the Asia/Pacific region, for example, as measured by national equity indexes, the Philippine stock market gained 154 percent, the Indonesian market rose 114 percent, and the Malaysian market climbed 98 percent. The SET index of Thai stocks gained 85 percent while in burgeoning China, the value of several of the "B" shares — those offered to foreign investors — rose more than 100 percent.

Many Latin American markets also saw big gains. The Argentine market rose 53 percent in 1993, while Chile's climbed 43 percent. Mexico's Bolsa index shot up 48 percent. And such Central European markets as Prague, Warsaw and Budapest continued to attract more foreign investors. The Warsaw market rose a staggering 788 percent in U.S. dollar terms last year.

Despite some beginning-of-the-year jitters, many Asia/Pacific markets are expected to continue their upward climb in 1994, due to maturing economies, growing management expertise, and increasing levels of foreign investment.

"You could say many of the same positive

Relocation



Page 15
True costs of executive moves.
Page 16
The price of failure.
Page 17
Relocating retirement benefits.
The German problem.

things about Malaysia, Indonesia and the Philippines," said Richard Moseley, director of Jardine Fleming Unit Trust Ltd., in Hong Kong. "They're 'good news' stories from both a top-down and bottom-up perspective — fundamentally strong economies which are still growing. I'm more cautious on Thailand, which in the short term looks overbought."

Mr. Moseley said that Malaysia's economy should grow about 8 percent in 1994, compared to about 4.5 percent in 1993, and that the Philippine economy should grow about 4.5 percent against about 1.5 percent in 1993.

"I'll be surprised if 1994 returns in these markets are as high as they were last year," Mr. Moseley said, adding: "But others feel differently. Some say the Manila composite index will break 5,000 by the end of '94." The Manila index finished 1993 at about 3,200.

While the growing sophistication of international trading procedures enables foreign investors to buy shares of individual companies in most emerging markets, analysts warn that getting in and getting out can be difficult and that small lots of shares are often charged a premium. The consensus is thus that funds be they specific to one country or region, or even exposed to emerging markets globally, are the best way for retail investors to make a play.

According to the fund-tracking firm Micropal, Jardine Fleming's Far Eastern Warrent Fund gained a huge 340 percent in 1993. Three other Jardine Fleming funds — JF Malaysia, JF Philippines and JF ASEAN — were also among the year's best performing Asia/Pacific regional and country funds, returning an average of 214 percent. Other notables in the region included Fidelity's ASEAN, Malaysia and Thailand funds, Govett & Co.'s Singapore Sessadq Ltd. fund, and

Thornton's Philippine Redevelopment fund.

In China, the big story of 1993 was the huge expansion of the domestic economy — 13 percent — a growth trend that has attracted many multinational corporations to the country to cash in on the burgeoning domestic consumer market. But analysts say that retail investors are discovering China, too.

There are currently 19 "B" share listings on the Shanghai stock exchange and 20 on the Shenzhen exchange, and an additional 20 companies are expected to offer "B" shares during the first six months of 1994.

David Whittall, who covers the Chinese market for Baring Securities in Hong Kong, said that a key for investors in 1994 was the type of new listings that are coming onto the "B" share market.

Analysts say that the prospects for Latin American markets vary widely from country to country, but that the region as a whole is maturing.

"Latin America will continue to develop into a more mainstream market as the instruments available to investors become more sophisticated," said Lawrence Goodman, a

senior economist and Latin American specialist at Salomon Brothers in New York. "We'll also see more diversification, as a wider range of companies will raise equity."

Mr. Goodman said that the passage of the North American Free Trade Agreement, or NAFTA, bodes well for Mexico, and that he expects Mexican interest rates to come down on a sustained basis, giving further impetus to the equity market. He added that Argentina's success in lowering inflation to 8.5 percent in 1993 from almost 25 percent in 1992 speaks well for controlled growth there.

Brazil seems to be the wild card in Latin America, with some analysts predicting an imminent economic takeoff and others insisting that the market will remain torpid and mired in corruption. Inflation in Brazil is estimated to be running at about 37 percent per month. Mr. Goodman said he felt "somewhat optimistic" about Brazil, however. "The country has a new economic stabilization program," he said, "and it appears to have teeth."

According to Micropal, top performing Latin American regional and country funds in 1993 included Banco Pactual's, Brazil-focused Eternit and Infinity funds, which returned 109 percent and 83 percent, and the Schroder Latin American fund, which also returned 83 percent.

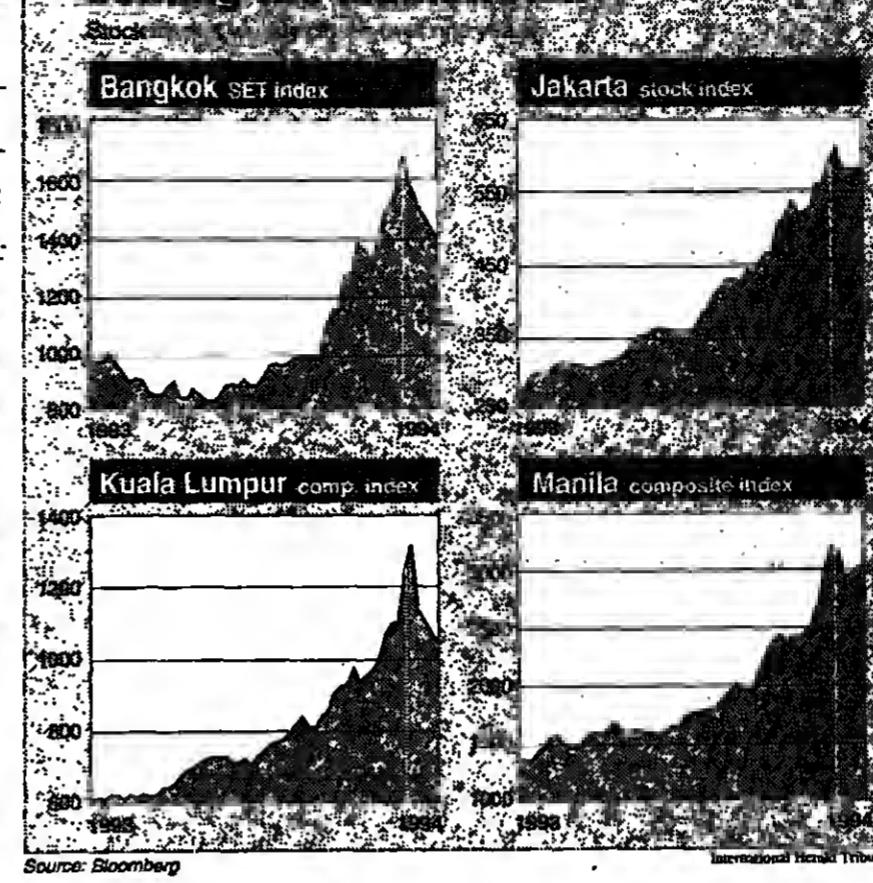
More investors are also testing the waters in Central Europe, where the privatization of state-owned enterprises — first in Poland, then in the Czech and Slovak republics, and recently in Hungary — have characterized the past few years. Gordon Muir-Carby, a Central European specialist with Smith New Court Securities in London, said he was cautiously optimistic on the region for 1994.

"In economic terms, the Czech Republic will face the most difficulties in 1994," he said. "Unemployment could rise from about 4 percent in 1993 to nearly 9 percent this year, as some of the problems of having a new market economy begin to hit home. And while I don't foresee another gain of nearly 800 percent in the Warsaw stock market, I do believe that the Polish economy will be the most rapidly growing in Europe in 1994."

Mr. Muir-Carby noted three funds that give investors substantial exposure to the Czech, Polish and Hungarian markets: the Czechoslovakian Investment Corp. managed by Robert Fleming, the Baring Emerging Europe Trust, and the Martin Currie Emerging Markets fund.

The Money Report is edited by
Martin Baker

Joining the Mainstream?



Source: Bloomberg

International Herald Tribune

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* Source: Micropal Managed Currency Sector. Offer to after gross income removed, to 31/94 5 year sector ranking 3/43. * Source: Micropal Global Bond Interest Sector. Offer to after gross income removed, to 31/94. The Guinness Flight Asian Currency and Bond Fund was established on 31 December 1993 as a share class of Guinness Flight Global Strategy Fund Limited, one of Guernsey's largest open ended investment companies. Past performance is not necessarily a guide to the future. The value of this investment and the income arising from it may fall as well as rise and is not guaranteed. Issued by Guinness Flight Global Asset Management Limited, a member of IMRG and Lazard.

THE CENTRAL SOURCE ON FUND INVESTMENT

Vol. 8, Number 4
Winter 1993 - 1994

INTERNATIONAL FUND INVESTMENT

Eastern Promise

Fund managers march to
Moscow, Prague and Warsaw



China heats up • Offshore Survey: Dublin vs. Luxembourg Round II • U.S. Marketing in Europe • Computer Confidential • IFI Forum Debate • Derivatives Analysis • Cut-Throat U.S. Competition

Round Table on Growth Opportunities in Central Europe Management

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THE MONEY REPORT

A Useful Checklist for an Executive Headed Abroad

By Jack Anderson

YOU don't have to be much of an economic historian to know that commerce is becoming increasingly international. To take advantage of the opportunities presented by global and North American economic partnerships will require mobility and flexibility. For individual executives, and the companies that employ them, that means more international relocations. And that in turn raises several personal and financial issues that the executive and the company must jointly address.

What are the key questions that any candidate for expatriation asks himself? What are his concerns and expectations, and, as a consequence, how can his company, if it has already experimented and established a "mobility policy" for guiding expatriate executives, respond to them? Or is he faced with an uncertain one-on-one negotiation of his expatriation, where the results will create winners and losers, and even jealousy between other expatriates and between expatriates and locals?

Setting aside compensation, expatriation calls into question the impact on the executive's family. Recognizing that the great majority of expatriates are married and have children, the high failure rate among expatriates is more often than not related to the problems encountered by the executive's family rather than by any failure on the part of the executive to adapt. The company must be available and positive in its approach, providing assistance to the executive and his family under the consistent terms of a written mobility policy.

A mobility policy, circulated by the company and provided to the executive, is a necessity to a successfully managed program of sending executives overseas. At the same time the policy must distinguish between the various types of assignments, by duration and by objective, and be cost-effective.

Here are some topics an executive should raise with his company:

- Calculation of the salary to be paid in the home and host country and in what currency?
- Calculation of merit increases?
- Coverage by tax equalization, tax protection or on your own?
- Which social security system will apply (home or host) and will home retirement or medical benefits or family allowances be lost?
- Hardship in the host location?
- Incentives, premiums or cost of living allowances?
- Housing differential allowance?
- Moving household goods limits?
- Schooling fees and until what age?
- Benefits in kind and perquisites at host location?
- Duration of assignment?
- Guarantee of return to home country and company?
- When become a "local" in host country?
- Performance evaluation and impact on long-term career?

What Executives Earn, and What They Cost

Country	Employees (1)	Income (2)	Net to Employees (3)	No. of Dependents (4)	Marginal Tax bracket % (5)	Employer Social Sec. (6)	Employee Social Sec. (7)	Gross Employee contribution to pension (8)
								% of Gross Salary (9)
France	525,431	\$32,201	\$109,368	65.8%	59%	\$53,429	13.6%	
Germany	8,557	\$2,517	104,928	55%	51%	9,557	10.8%	
Japan	10,311	41,970	114,719	62%	55%	12,081	10.7%	
Britain	2,943	57,204	106,853	54%	40%	17,388	11.6%	
U.S. (1)	5,529	\$4,558	106,915	59%	52%	5,529	10.9%	
Switzerland	7,936	44,756	114,308	58%	41%	7,936	10.7%	
Italy	19,427	56,381	91,192	55%	46%	64,652	13.9%	
Spain	1,969	72,082	92,949	55%	56%	10,197	10.6%	
Australia	0	73,903	93,097	56%	47%	3,136	10.2%	
Canada	1,610	75,003	90,387	54%	52%	5,259	10.9%	
Sweden	0	77,625	89,375	54%	50%	5,170	10.7%	
Holland	(561)	87,682	78,869	48%	60%	6,023	10.8%	

(1) Before deduction of contributions to Retirement Agreements and EC Directives on social security. (2) Before application of special expenses tax, e.g., HQ holding in France, and travel provisions, for a married executive with two children. (3) Including local taxes. (4) Including employer contribution to the pension fund. (5) Net of allowances paid by employer.

Source: Ernst & Young

- Cultural adaptation and language training for executive and family?
- Relocation assistance in host country?
- Preassignment familiarity trip?
- Assistance for executive's working spouse to find new employment?
- Home leave for the family?
- Vacation on home or host rules?
- Tax compliance and financial planning assistance?

The first questions raised by the executive will concern the foreign assignment, its terms and the requirements for successful completion. More generally the executive will require the terms of his assignment and its impact on his future career. The era of departure abroad "never to return" and "without career progression" is over. If companies want to remain competitive, they must manage their expatriates' future careers, taking into account the benefit of an assignment in a foreign country in particular with regard to management adaptability.

Many companies sell an assignment abroad as an advantage to be had over colleagues in the country of origin. This should translate into concrete examples being provided to the executive who will thus accept mobility and go abroad more positive and motivated in his approach, in the knowledge that his progress will be followed during his assignment and that he will be fairly managed.

The expatriate will then be concerned with his departure, his adapting to the new location and the resulting impact on his family. A presentation on cultural adaptation should be given to the executive and his family—and should be intensive. Cultural training is most effective

generally when it is offered in the host country. To the same end a try to the host country for the employee and his spouse should be offered prior to the final departure and decision.

There are important questions concerning arrival in the host country and center around the housing of his family and schooling of his children. Increasing numbers of companies are assisting their expatriates in seeking the solution to these concerns and are providing professional relocation assistance including the following: Home finding, school selection, greeting and orientation, spouse and family support, on-line support services.

Next, the income tax and social security issues are key concerns to both the executive and the company and must be considered in detail. Although some companies talk about borderless regions of countries, such as the European Union, executives crossing borders will quickly see and be concerned by the variation in net income after taxes and social charges and the benefits from the applicable social security system. The chart below shows that for an executive who is married with two children, and before any expatriate planning is applied, his net compensation can vary from a high in Japan, Switzerland and France of 65 percent or more to a low of 54 percent or less in Holland, Sweden or Canada. Planning can improve these percentages for the expatriate. For example, the application of the French headquarters ruling or Belgian coordination center rules as well as treaty provisions.

The company will also be concerned by the substantial variation in the total cost of the expatriate's salary plus social charges as a percentage of gross salary. From a high in Italy, France and Sweden of 131 percent or more to a low in the U.S. of 103 percent or less in Australia, Canada or the United States. After the addition of all expatriate benefits and the impact of tax equalization, but before any planning, the unmanaged total employer cost can skyrocket.

These substantial variations for the executive must be considered by the company in its mobility policy in order to equalize the employability and not create disincentives to expatriation—or to repatriation. Furthermore, the company must carefully use international treaties, regional agreements and local rules to reduce the income tax burden and apply either the home or host country's social security law for the maximum advantage of the executive and the company. For example, the chart shows that an expatriate transferring from Britain to France and who will remain on British social security under the European Union's agreements can increase his net income after lower British social charges and lower French income taxes (even after taking into account the deductibility of social charges for determining French income taxes). The company will also pay the lower British social charges. The same example can be seen for several other countries where treaties or regional rules apply.

Mobility and relocation planning are important in order to increase the current low success rate of companies in sending executives abroad. Success depends upon the company developing a fair and cost-effective mobility policy.

Jack Anderson is a tax and legal partner of Ernst & Young in Paris. He was assisted in this article by Brigitte Briand-Poincloux.

BRIEFCASE

New Citibank Credit Card Offers Rebates on Apples

No, Citibank isn't handing out apples on streetcorners, but its American operation has launched a credit card with Visa and MasterCard that offers rebates on the purchase of any Apple Computer hardware, software or peripherals.

Cardholders can earn a rebate of 2.5 percent annually on the first \$3,000 of purchases, then 5 percent on any amount over that. The limit on rebates is \$500 a year.

The joint venture between Citibank and Apple is just one of a flurry of deals set off by the success of the General Motors card, which offers rebates on a new GM auto, according to Robert McKinley, a credit card expert. "But be sure you really like the product," he advises, "and watch out for the Apple card's high 15.4 percent interest charge. If you carry a big unpaid balance, card. Then you can use the savings to buy whatever you want."

For more information, call Citibank card, 1-800-374-9999, ext. 40.

Invesco Gives Investors Chance to Bet on Taiwan

And the beat goes on: the latest emerging market fund to tap investors' seemingly insatiable appetite for funds is Invesco International.

Invesco International-based subsidiary of the investment management firm Invesco. The parent company already claims \$65 billion under management, and is seeking to increase that figure with the sale of an additional \$80 million of shares in its Taiwan Growth Fund.

The fund has run well in the bull market, adding 53.6 percent from its introduction in November 1991 to Jan. 5, 1994, according to the fund monitor Micropal. That compares with a 33.5 percent return by the Taiwanese market index.

"Taiwan looks set for a healthy run in 1994," said Paul Parsons, the fund's manager. "Economic growth is picking up strongly, monetary policy is easing and valuations are low. The market is attractive, and this has prompted heavy buying in recent weeks."

For more information, call Invesco International at Guernsey (19 44) 534-73114.

Lazard Fund on Guernsey Relaunches Currency Fund

The offshore investment firm Lazard Fund Managers has relaunched its currency fund after a risk upgrading and marketing approval from the Securities and Investment Board, the top U.K. securities regulator. The fund, which has six single-currency subfunds and a seventh dollar-denominated managed subfund, is now marketed as Guernsey A1.

For more information, call Lazard Fund Managers at Guernsey (19 44) 481 710461.

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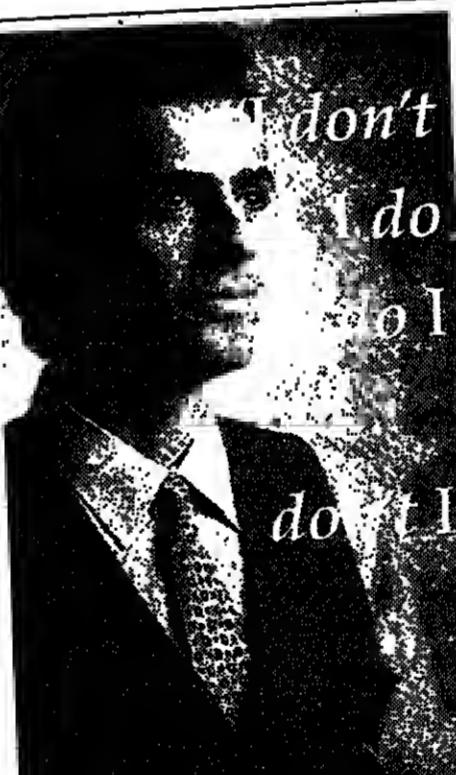
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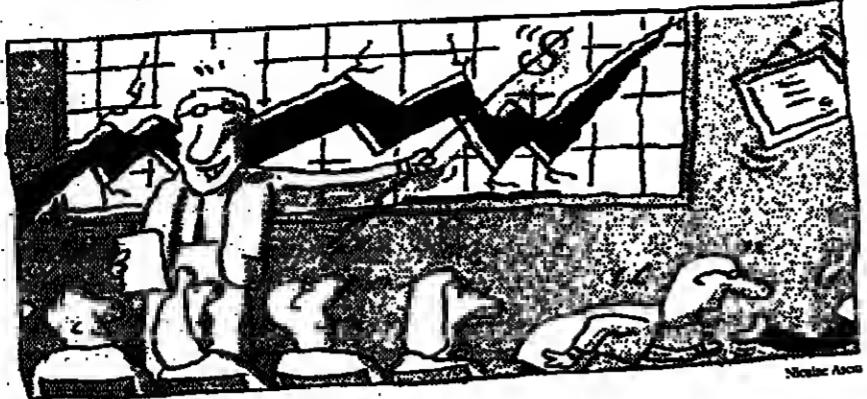
Quake Created Some Winners ... and Losers

GHOULISH though it may be, the day after Monday's powerful earthquake in Los Angeles, shares of the curiously named Failure Group Inc. were bid up 20 percent, from \$5 a share to \$6. The company, which analyzes structural engineering problems, said it expects to generate new business in the quake's aftermath.

The next day, Speciatis Medical Inc., a maker of clinical information systems and patient-monitoring products, predicted a sag in earnings over the next few months due to quake damage to a factory. The stock lost as much as \$1.25 before recovering to finish the session at \$11.25 at \$24.875.

The quake will create other winners and losers, say people who follow Southern California's industry. Construction companies are thought to have the best chance of gaining business from the disaster.

"There is going to be hundreds of millions of dollars in heavy construction that will be needed to repair the region's infrastructure," said Charlotte Chamberlain, an analyst at Wedbush Morgan Securities. "If you look at the 1964 earthquake in Alaska and Hurricane Andrew in Florida, both those events were shot in the arm to the region for building."



Kasler Holding Co. is one she thinks ought to do especially well. Doug Christopher, who covers local companies for the Los Angeles broker Crowell Weedon & Co., also likes Kasler, along with Calumet, Morrison Knudsen and Fluor. Following the same logic, he thinks specialty steel businesses may benefit, too.

Companies that at first glance would seem candidates for a fall, such as utilities and insurers, should be spared, the analysts said. Mr. Christopher noted that utilities, despite heavy damage to their equipment and a likely fall in electricity and gas usage, are covered by regulatory contracts that will neutralize the earnings impact.

Miss Chamberlain pointed out that few property owners are covered by quake insurance, which is prohibitively expensive. And anyway, "the deductibles are so huge, I can't imagine this is going to be a big hit to them." Early estimates put insurers' exposure at \$1 billion of the \$7 billion-plus in damage.

One group that could get hurt, she said, is banks and savings and loans: "There's been a lot of damage, and because prices have sunk in multifamily dwellings, we will undoubtedly see charge-offs and reserving of those properties on the books of banks and thrifts. Ones she mentioned are Glendale Federal Bank, California Federal Bank, Citadel and, to a lesser extent, Almanson and Great Western."

The quake came at an especially bad time, said Mr. Christopher. "What we're seeing and reading is, here's another negative for California. California's already in a slumping economy," he said. "It's a tough time, it's going to take a long time to get over this."

Miss Chamberlain is more upbeat. She thinks the quake may wake the region out of its long downward slide. "I'm quite bullish that like Alaska and Andrew, this will be an economic shot in the arm overall," she said.

—CONRAD DE AENILLE

Transplanted Germans Lose Their Perks

By Ann Brocklehurst

DURING one's patriotic duty is more commonly associated with financial sacrifice than with earning piles of money. But for West Germans who moved East to help with their country's reconstruction, the personal economic rewards were often large. Organizations offered the Western "pioneers" fat salaries, extra hardship pay, generous housing allowances and free flights home.

Now, however, the benefits are running out and, much to many Easterners' delight, "Wessies" are having to learn to live more like the locals or go home.

Commerzbank cut the bonus paid to its Western employees in Eastern Germany to 15 percent of their normal salary from 20 percent effective Jan. 1. It will drop further to 10 percent next year and be entirely phased out in 1996. Computer managers who used to fly home at company expense "every weekend are now limited to two flights a month if married and one if single. In winter, however, when

the roads are considered dangerous for driving, they are still allowed to return tickets usually costing 600 Deutsche marks to 800 DM (\$345 to \$550).

Only 100 of the bank's 700 West Germans in Eastern Germany are considered permanently transferred employees working on a standard contract. But a bank spokesman, Dennis Phillips, said that over the next few years there would be more of this type of appointment as Commerzbank tries to eliminate the divisions between Eastern and Western employees.

For Westerners who have moved East for good, one of the hardest perks to lose is the housing allowance. With a severe housing shortage in the entire region, including the new capital Berlin, it was extremely difficult to quickly find a family apartment for less than 3,000 DM a month. In many cases rents have been subsidized by as much as 75-80 percent, but that benefit is now running out and its recipients must learn to compete in the housing market like everyone else.

At the same time, the bureaucrats' "busch pay" has also been slashed by more than 50 percent.

East. But Horst Föhr, the personnel director, said that, overall, the terms of employment were justified. Management consultants, fresh out of university, earn 80,000 to 110,000 DM per year at private firms and legal specialists earn 90,000 DM a year. He pointed out that the Treuhand had to compete with these firms for qualified personnel while offering only temporary contracts since the agency's lifespan had always been limited.

Tobias Hundermark, a West German who ended up in charge of selling forest product firms, had two years of experience at Price Waterhouse Management Consultants in Hamburg before he joined the Treuhand. He estimates that including the value of his housing allowance, his salary rose 70 percent in his first one and a half years.

One Treuhand employee whose future remains unclear, however, is Birgit Breuel. Asked at the new year's press conference what she had planned, Miss Breuel, a former state economics minister, replied that she needed some time off to reflect on her Treuhand experience before deciding.

"In the course of a person's career, if he moves around to several countries, he's going to have a very fragmented pension," said Geoffrey Sargent, a tax partner at the giant accountancy firm KPMG Peat Marwick. "All those foreign pensions may not add up to what the individual was expecting or what the company wanted him to receive."

Employees in the European Union get a better shake if they work in two or more member states. Pension benefits are based on the total time worked in all EU countries and are paid pro-rata by the government of each country to which an employee worked.

Say a worker retires after a 40-year career spent in several Union states, including five in Britain. The portion of his pension due from the British government would equal one-eighth of the sum a Briton with a 40-year career would receive.

"You could get two or three years' work in a number of countries, and without these agreements you wouldn't get anything, but you end up with benefits" from each one, said Ian Stark, an actuary at Watson's Investment Consultancy.

If the benefit from a particular country would be greater without regard for time spent working elsewhere, the worker would get that amount, he added.

A single European government

pension to go along with the single market is still a long way off.

"At the moment there really isn't anything; there have been a number of proposals put forward to deal with the problem, but none of them have come to fruition," said Elmer Dooman, the partner in charge of pensions at the legal firm Wilde Sapte. "The problem here is that there are such divergences in the way to which state pensions are accrued in different EU states. They haven't found a way to synchronize them to make it easier."

The EU rules, and many of the bilateral agreements, do give employees on short-term sojourns abroad, say a year or two, the option of continuing to pay into their employer-sponsored pension plans back home.

"There are all these special arrangements that apply for migrant workers," said Mr. Stark. "They apply to EU citizens that are posted from one country to another for a short period, on the basis that you'll be coming back after a specified time." Given the Union's more or less open borders and the presence of conglomerates with offices in many number of states, "it must make sense to allow these people to remain covered by one plan and move freely from country to country."

They may move freely, but not tax-free. Many Western governments use tax incentives to encourage contributions to personal and employer-sponsored pension plans. These tend to be wiped away once a border is crossed because the criteria by which pension plans qualify for favorable tax treatment vary.

When an employee "transfers somewhere else in the world with the same company, generally he can stay with that plan," Mr. Sargent explained. "But the tax consequences of that may not be very good to the country he goes to. A U.K. plan generally wouldn't meet the requirements to France or Germany; he would no longer get a deduction from the German authorities for putting money into the U.K. plan." To add insult to injury, Germany may count — and tax — the contributions the company makes on the employee's behalf as personal income.

All of this may not matter to some expatriates, usually reasonably senior executives, whose bosses make up whatever excess taxes are paid.

"Many employees of multinational companies that go on foreign assignments are tax-equalized," Mr. Sargent said. "They're no worse off than if they had stayed at home."

Such employees may also be given a defined-benefit guarantee, in

Expat Retirees: Racing to Keep Level

By Conrad de Aenlle

W AGE earners contemplating a move abroad should think about what they will have to show for it when their work is done and it's time to retire. They may find, when they step up to collect, that their various pension plans did not weather the trip very well and that they do not have as much to live on as expected. Even if they do, the cost of accumulating the benefits may be substantially higher than if they had stayed put, due to lost tax concessions.

One risk that expatriates face is spending so long abroad that they fail to work long enough in any one country to receive a state pension. The United States, for instance, demands 40 quarters, while Britain requires 11 years.

Fortunately, there are many bilateral accords, called totalization agreements, that allow time spent paying into each state plan to be combined. Unfortunately, many countries, such as Japan, do not have these agreements, and even when they exist, the benefits generally add up to less than the employee would have received by working the same amount of time in a single country.

In the course of a person's career, if he moves around to several countries, he's going to have a very fragmented pension," said Geoffrey Sargent, a tax partner at the giant accountancy firm KPMG Peat Marwick. "All those foreign pensions may not add up to what the individual was expecting or what the company wanted him to receive."

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If the benefit from a particular country would be greater without regard for time spent working elsewhere, the worker would get that amount, he added.

A single European government

packages," he said. Now when an employee goes abroad, it's seen as "less exceptional and less of a favor" to the employer for which he would need to compensate you generously. You don't need to provide these generous packages to keep the employee working for you and not going somewhere else."

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SPORTS

Suspect Cites Plan To Bribe Harding's Former Husband

Compiled by Our Staff From Dispatches

PORTLAND, Oregon. — The plot thickened Friday that Eckardt, Smith and Stant were negotiating with prosecutors about plea bargains in exchange for their cooperation.

Attention in the case is now focusing on Harding, whom Eckardt has alleged was involved in the plot.

Harding insists that she is innocent and her attorneys have attacked Eckardt's credibility.

A Multnomah County grand jury, meeting to determine whether to indict Harding along with the four men arrested in the alleged conspiracy, heard testimony from Harding's father, Al Harding; her coach, Diane Rawlinson; a private investigator, Gary Crowe; a minister, Eugene Sanders; and other witnesses.

Eckardt said that Gillooly offered the others \$6,000 to bribe Kerrigan "so Tonya could win the Olympics."

He told The Oregonian that Smith, the alleged getaway driver after the Detroit attack, thought he could blackmail Gillooly later by threatening to expose him.

Eckardt said Smith hoped to get access to Gillooly's contacts and to meet people like the New York Yankees' owner, George Steinbrenner, who had donated money to Harding after a reported death threat against her in November.

(Reuters, AP)

The allegation was another threat in a case that has thrown the skating world into turmoil and started a controversy over whether Harding, the U.S. figure skating champion, should be allowed to skate at the Winter Olympics in Lillehammer, Norway, next month.

Gillooly, Eckardt, Smith and the alleged hit man, Shane Stant, have been arrested and charged with plotting the Jan. 6 attack on Kerrigan, who was hit on the leg with a metal bar after practice for the U.S. Figure Skating Championships in Detroit. Kerrigan was forced to withdraw from the competition, which Harding won the event.

In Colorado Springs, Colorado, the U.S. Figure Skating Association backed off plans to vote on whether to keep Harding on the team.

Kristin Matta, a USPSA spokeswoman, said, "A vote is not set, a vote is not scheduled."

The Amateur Sports Act of 1978, the federal law governing the USOC and its member federations, states that any sports body to cast a team member must "provide for notice and an opportunity for a hearing before deciding such individual ineligible to participate."

On Friday, the International Olympic Committee said that it would wait until Jan. 31 before considering whether Harding should be allowed to compete in Lillehammer.

The IOC's director-general, Francois Carrard, said the committee did not want to get involved in the matter while it was being addressed by justice and sports officials in the United States.

Carrard said the IOC would be come involved only once the USOC submitted its team roster for the Games by the Jan. 31 deadline.

Harding, 23, said on ABC television Thursday night that she wanted to achieve her lifetime dream of winning an Olympic gold medal and that she also hoped for a big payoff after 20 years of arduous training.



Katarina Witt performing her technical program on Friday in Copenhagen, seeking to win a spot on the German Olympic team.

AP

Austria's Maier Holds Off Schneider to Win 2d Giant Slalom

Associated Press

MARIBOR, Slovenia. — Ulrike Maier of Austria, a giant slalom specialist, on Friday clinched her second World Cup victory of the season, beating off a second-run challenge from the Swiss veteran Vreni Schneider.

Maier, leading after the first heat, clocked an overall time of 2 minutes 28.83 seconds to win, despite losing her balance a few gates from the second-run finish.

Schneider, a five-time winner on the Maribor hill, was in third place after the first heat but sliced an aggressive second run for an overall 2:29.08. Her strong showing augured well for Maribor slaloms — her strongest discipline — on Saturday and Sunday.

Germany's Katja Szczepanik, fresh from downhill and super-G triumphs last weekend and finding her top form just weeks before the Lillehammer Olympics, was third in 2:29.31.

Maier's teammate Anita Wachter, last season's overall World Cup champion, finished fifth and narrowed the gap between her and the current World Cup leader, Pennella Viberg of Sweden, to just 39 points.

Viberg finished 14th and has 923 points overall. Wachter has 884, ahead of Schneider, who has 830, and Maier with 711.

"It was great to have this before Lillehammer," said Maier, who won a giant slalom at Santa Caterina, Italy, before Christmas and was world champion in the giant slalom in 1989 and 1991. "This was a fantastic victory."

On a good day for German skiers, Martina Ertl finished fourth after a blazing second run of 1:16.82 boosted her from a first-run ninth place and gave her 2:29.62 overall. Her teammate Christine Meier placed seventh with 2:30.63 on the steep, icy course.

"A super team showing," said Ertl, the fastest in the second heat. The Germans had been doing special training in Flachau, Austria, and Ertl said the results showed that it had paid off.

Italy's Deborah Campagnoli was sixth.

Slovene skiers have been strong on the World Cup circuit this year, but racing before thousands of home fans, the best they could manage Friday was an 11th place by Spela Premar.



Giant-slam specialist Ulrike Maier withstood Vreni Schneider's second-heat challenge for the triumph Friday in Maribor, Slovenia.

AP

SIDELINES

Tokio Has Narrow Whitbread Lead

SOUTHAMPTON, England (AP). — Tokio maintained a narrow lead Friday with less than 24 hours remaining in the third leg of the Whitbread Round the World Race.

Tokio, a Whitbread 60 yacht skippered by Chris Dickson, was reported 208 nautical miles from the finish line at Auckland, New Zealand. The Maxi-class New Zealand Endeavor was only three miles behind, while five other boats remained in contention as the 14-yacht fleet approached Cape Reinga, the northernmost tip of New Zealand, before the final 20-mile dash south to Auckland.

It was shaping up as the closest group finish in the race's history. Dennis Conner's American yacht Winston, which lost a 146-mile lead midway through the 3,675-mile leg, was making a strong comeback. Winston was deadlocked with Spain's Galicia 93 Pescanova, 11 miles off the lead.

For April 20 is a day like any other," said a spokeswoman for the Berlin federation, Bernd Richter. "We want to have this great football match. We have a good security concept."

Berlin Seeks to Hold England Game

BONN (Reuters). — The Berlin soccer federation said on Friday that it had made an official bid to hold Germany's controversial soccer friendly with England on the anniversary of Adolf Hitler's birthday April 20.

English and German soccer officials decided on Wednesday to move the game away from Hamburg because of fears of neo-Nazi violence. Hamburg city officials feared clashes in the city if the match went ahead and asked the German body to move the match away from the city.

"For us April 20 is a day like any other," said a spokeswoman for the Berlin federation, Bernd Richter. "We want to have this great football match. We have a good security concept."

Moser to Try Again, in Bordeaux

TRENTE, Italy (AFP). — The Italian cyclist Francesco Moser said Friday that would make his third attempt on Chris Boardman's world hour cycling record in Bordeaux and not in Stuttgart as he had planned.

Moser, 42, the former record holder, told the Italian news agency ANSA that the Stuttgart hall where he had hoped to break the record on Wednesday had been booked by a cycling event and an indoor international athletics meet.

He is now due to leave Italy for France on Monday, accompanied by his medical adviser, Francesco Comotto. The men will decide a date for the attempt after conducting test runs. Moser failed twice, last Saturday and Tuesday, in his attempts at altitude in Mexico City to break the Briton's record, which he set at the Bordeaux velodrome in July.

'94 Cup Body Upheavals Despite Quake

LOS ANGELES (Reuters). — The Pasadena Rose Bowl, venue for the World Cup soccer final in July, has been given a clean bill of health following the earthquake on Monday, the tournament organizers said.

"Engineers from the City of Pasadena and the Rose Bowl surveyed the stadium on Tuesday and found no structural damage," a World Cup 1994 spokesman said Thursday. The 102,000-seat oval, about 20 miles (30 kilometers) from the epicenter of the quake, is to be the site of eight tournament matches, including a semifinal, the third-place match and the final.

Bruce Dworshak, the World Cup USA press operations director, was optimistic that the quake damage would cause minimal disruption to the tournament. He dismissed looming transport problems, with wrecked freeways causing nightmare traffic jams.

For the Record

Matt Busby, 84, who overcame the tragedy of an air crash to guide Manchester United past Scania of Lisbon to win soccer's European Cup in 1968, died Thursday in Manchester. On Feb. 6, 1958, Busby was seriously injured and eight of his players were killed in a crash in Munich.

SCOREBOARD

BASKETBALL

NBA Standings

WESTERN CONFERENCE

Midwest Division

Central Division

Western Conference

Pacific Division

ATLANTIC CONFERENCE

Atlantic Division

Central Division

Midwest Division

Eastern Conference

Atlantic Division

Central Division

Midwest Division

Southern Division

Western Conference

Mountain Division

Central Division

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DAVE BARRY

A Double-Edged Sword

MLAM — Radiation is a double-edged sword: It can be our deadly enemy, as when it leaks out of a nuclear reactor and harms innocent people; yet it can also be our friend, as when it leaks out of a nuclear reactor and harms Donald Trump.

Another example: Dentists use radiation, in the form of X-rays, to determine which of our teeth are still real, so they can grind them into stumps and cover them with improved space-age materials costing thousands of dollars per ounce. Yet those very same "X-rays," if we are overexposed to them, can cause us to look like Willie Nelson. I base this statement on my own dentist. He is a fine person and a skilled professional, but he looks WAY too much like Willie Nelson for it to be a result of natural causes. When he works on my teeth, I'm always expecting him to burst into song:

*Darlin' won't you come back soon
And spit mouthwash in my spittoon*

I recently received another example of bad radiation from alert reader Laurie Bellin, who sent me a United Press International article that should be of grave concern to all those individuals who use furniture. The article, which I am not making up, begins:

"MOSCOW — A Russian businessman who died recently of mysterious causes was apparently killed by his chair, which was found after his death to be highly radioactive, Russian newspapers reported."

□

The article goes on to state:

"Investigations discovered that the deadly office chair was the source of 1.5 million times more radioactivity than normal background levels.... it was not known how the chair became radioactive, but there have been other incidents in Moscow where ordinary household items and even foods have been found to be radioactive."

Your reaction to this article, as a compassionate human being, is: "How can I get a chair like that for certain people in my office, particularly the cretin who will not stop bunning Gary Puckett songs?"

No, seriously, your reaction is to be shocked, but also to be reassured by the belief that, while there might be radioactive chairs in Russia, there would never be any here.

I wish I shared your optimism. I wish I could tell you that when I contacted the American Chair Council, a spokesman informed me that every chair sold in this country is subjected to a rigorous radiation-testing process wherein an inspector sits in it for a certain period of time and notes, on a clipboard, whether or not he dies. But I'm afraid I cannot tell you this, and do you want to know why? Because there IS no "American Chair Council." And even if there were, I am way too lazy to contact it. This is a perfect example of the lackadaisical "who-cares" attitude that pervades our society and makes us perfectly capable of producing radioactive chairs.

So we have reason to be concerned. But we should not panic. Perhaps it will help if we remember that radiation also benefits mankind in ways that were never before possible. I am referring, as you may already have guessed, to microwave grape racing.

I found out about microwave grape racing from Greg Jacobs, a student at my alma mater, Haverford College. Basically, here's how it works: You put a thin film of sunflower oil on the floor of your microwave oven, and then you line some grapes up against one side, with the holes pointing at the wall. Then you turn the microwave on full power, which heats the grapes' interiors until steam goes shooting out the holes, thus turning the grapes into little organic rocket engines that scoot across the lubricated oven floor.

WARNING: THE PROCEDURE DESCRIBED IN THE PREVIOUS PARAGRAPH IS NOT APPROVED BY THE AMERICAN MICROWAVE COUNCIL (IF THERE IS SUCH A THING) AND COULD BE HAZARDOUS TO YOUR HEALTH. ON THE OTHER HAND, WE HAVE ALREADY ESTABLISHED THAT YOUR SPATULA COULD BE GIVING OFF MORE RADIATION THAN CHERNOBYL, SO WHAT DO YOU CARE?

Thus we see that radiation, if used wisely, can provide important benefits to humanity for many years to come. Although you, personally, might not see this come to pass, especially if you are touching this newspaper with your bare hands.

Knight-Ridder Newspapers

Normandy's 50th-Anniversary Invasion

International Herald Tribune

PARIS — The Longest Day ever lengthens. The 25th anniversary celebration of the first Normandy landing lasted three days; the 50th will spread out over a year. On that terrible and triumphant day, June 6, 1944, 153,000 Allied troops and 70,000 Germans engaged in the

MARY BLUME

start of a long campaign (the liberation of Caen alone cost the Allies 30,000 casualties). The number of veterans and tourists expected to visit the battle sights this spring cannot even be estimated.

"I would be talking nonsense if I even tried to give you a figure," said Jean-Claude Demais of the Comité Régional de Tourisme de Normandie at a recent press conference. Piety, nostalgia and hardened Norman practicality have brought these départements together to coordinate festivities with a view not only to a short time gain in break times but to ensure, with the opening of the Channel tunnel, a steady flow of tourists in coming years.

In addition to 350 events such as a 1940s-jazz festival and a 23-hectare (57 acres) flower show at Caen, three new museums will commemorate the landings for future generations.

"The veterans are only interested in their sites," Demais said. The veterans who faithfully attend D-Day commemorations are also a dying breed. The aim is to make the landing beaches — Juno, Omaha, Utah, Gold and Sword — and combat zones into permanent tourist circuits with modern technological props such as data bank and CD-ROMs.

Each year the Comité du Débarquement (D-Day Commemoration Committee) quietly holds ceremonies at one of the landing beaches. Last year 3,000 veterans attended. At this year's ceremony, organized by the French government at Omaha Beach, 45,000 veterans whose credentials have been inspected by national committees will be welcomed and supplied with chairs. Queen Elizabeth II, Presidents François Mitterrand and Bill Clinton will attend, along with leaders from Canada, Belgium, the Netherlands, Poland, Norway and Luxembourg, whose grand duke participated in the landings.

Germany has not been invited to the official ceremony but German visitors and veterans, already numerous each summer, will be welcome after June 6, Demais said.

This year also marks the 50th anniversary of the liberation of Paris, which will undoubtedly be amply feted, and the liberation of the south of France, which should cause a problem of logistics, the landings having taken place in August on what are now the teeming beaches of Saint-Tropez,



Among the memorials commemorating D-day is this statue in the American cemetery at Colleville, near Omaha Beach.

Patrick Fournier/Sygma

Tour operators worldwide are organizing battalions of visitors. Battlefield tourism has become increasingly popular, as a World War I poet, Philip Johnson, grimly forecast in a 1918 poem describing a tour of High Wood, site of a three-month battle in 1916:

*Observe the effect of shell-fire in the trees
Standing and fallen; here is wire; this trench
For months inhabited, twelve times changed
hands...*

*Observe the effect of shell-fire in the trees
Standing and fallen; here is wire; this trench
For months inhabited, twelve times changed
hands...*

Specialized tour operators offer such brochures as "The 82d Airborne Division Association presents... The Invasion of Normandy 50 Years Later!" The most spectacular will be a QE2 cruise to Cher-

bourg including World War II big bands, movies and newreels and the presence of Dame Vera Lynn and the 91-year-old Bob Hope.

There have been reports of British veterans traveling on their own finding their hotel reservations, made to 1990, had been given to a higher-paying American tour operator. Demais said such incidents were extremely rare and regrettable and added that locals have offered to make rooms available free of charge to bona fide veterans.

Bus and boat tours of the landing beaches have been organized, and between Caen and Bayeux vintage jeeps will be available. There will be helicopter tours and one company is offering tour operators an old DC-3 to fly over the beaches at prices ranging from \$50 to 800 francs (about \$30 to \$135) per person, refreshments not included.

Remy Desquesnes, a French historian, puts the casualties for the Normandy campaign at 200,000 for the Allies and between 300,000 and 400,000 for the enemy. One of the jubilee events will be the D-Day Golf Challenge, held at 12 regional courses, including a "Scottish style" one at Omaha Beach.

armadas of sailing ships as it did for the bicentennial of the French Revolution in 1989, this time followed by World War II warships. Even Deauville will add military vehicles to its Bastille Day parade.

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PEOPLE

*Quayle Memorabilia:
You Just Can't Say No*

Just when you thought you could get enough of Dan Quayle for free, out comes a new catalogue from his namesake hometown museum offering oodles of Quayle memorabilia for sale. Thanks to a handy mail order list, you won't have to trek all the way to the Dan Quayle Center in Huntington, Indiana, for the golf balls (\$3.50 each) imprinted with the museum's logo — featuring a bird that one can only assume is a, well, quail — the Quayle museum glassware (set of four, \$24.94) or the gold vice presidential tie bar (\$150, including signature). The museum newsletter gloats that since the dedication in October more than 8,100 visitors have tramped through the center, from "17 foreign countries" and "every state but two." The two laggard states were not identified.

It's official: Billy Crystal is bowing out of the Academy Awards ceremony after four years. "After three Grammys, four Oscars and six Comic Reliefs, I'm going to take a break from my hosting duties," he said. "I hope the new host has as good a time as I did." So far, no replacement has been named for the ceremony, which is on March 21.

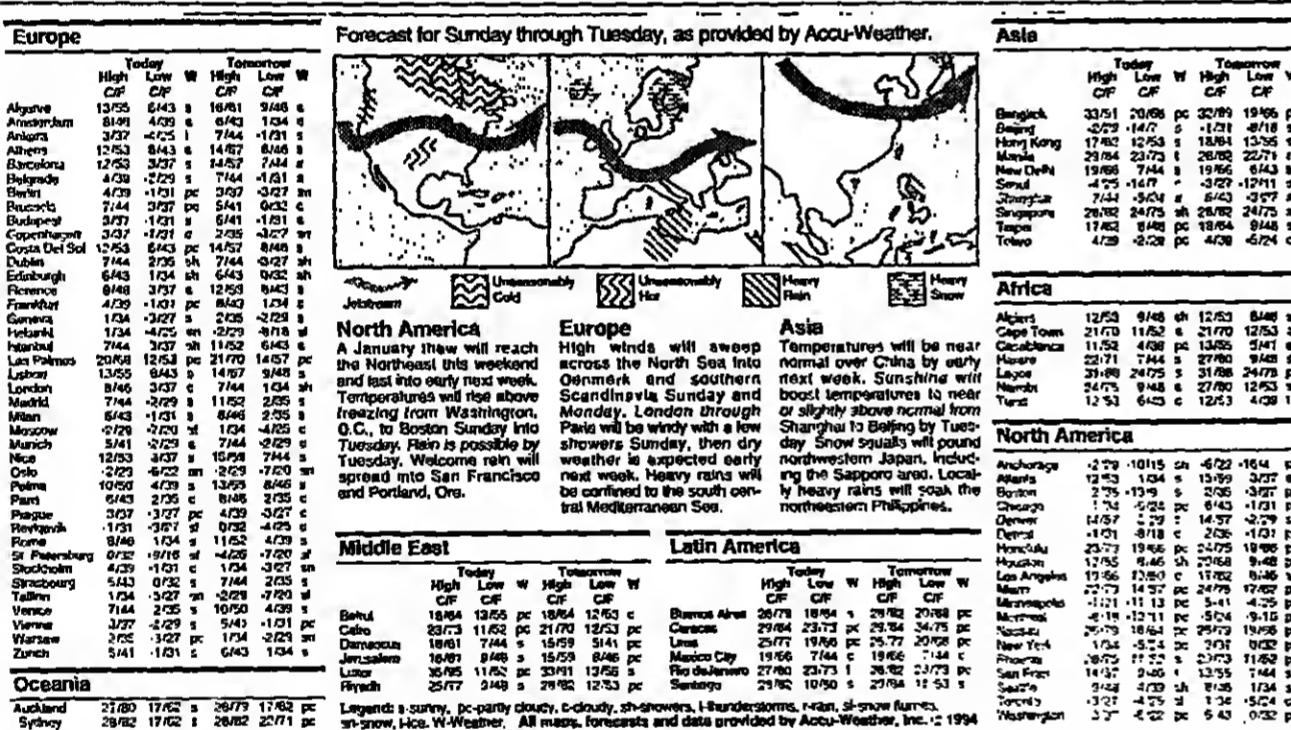
Princess Diana has accepted an honorary fellowship of the Royal Australian College of Dental Surgeons, which is likely to mean a visit to Sydney after the Australian tour by her estranged husband, Prince Charles, which starts next week. Before confirming her acceptance, Diana advised the college that, as announced in December, she intended to reduce the number of her public engagements but that her patronage links would continue "albeit to a lesser degree."

The Hollywood Peach? Tommy Lee Jones won't be sliding into home base anytime soon. The actor had to delay shooting scenes at Rickwood Field in Birmingham, Alabama, after hurting his ankle while filming the movie "Cobb" to Nevada. Jones stars as the baseball legend Ty Cobb.

INTERNATIONAL CLASSIFIED

Appears on Pages 7 & 13

WEATHER



POSTCARD

Film Transforms Beacon (Pop. 13,243 + Paul Newman)

By Jacques Steinberg
New York Times Service

cial hope, could help reverse the area's economic fortunes.

BEACON, New York — John Griffith had always planned to tear down the rusted, midcentury Quonset hut that serves as a garage for his fuel oil company. But that was before he and his garage, went Hollywood.

On a chilly, gray morning this week, Griffith watched as Paul Newman strolled across the company's driveway and ducked under the garage's big door in a scene for a comedy called "Nobody's Fool." The movie, which stars Newman, Bruce Willis, Melanie Griffith and Jessica Tandy, has been filming in and around this small Hudson Valley city since mid-November.

"I thought this was the dirtiest, roughest town I'd ever seen," said Griffith, 59, shivering on the sidewalk as Newman repeated his entrance under the watchful gaze of the director, Robert Benton. "Now these guys come and say it's just perfect. Now it's historic!"

These have been heady, starstruck days in this city of 13,243. Beacon has gone out of its way to welcome a movie crew that, local offi-

cial presence of the movie's star, that has generated the biggest buzz, with Newman, at an astonishingly youthful 68, attracting swarms of admirers with cameras and camcorders. In the comedy, based on a novel by Richard Russo and scheduled for release in the fall, Newman plays a hard-huck construction worker trying to turn his life around, in spite of skeptics like his sometime boss, played by Willis, and the boss's wife, played by Griffith. Tandy plays Newman's landlord and former eighth-grade teacher.

The movie has already made celebrities of some townspeople, including Frank Inniss, 41, a construction worker, and Bob Picciano, 42, an unemployed security guard, who won roles as extras in the production. They play garbage collectors and have already acted in a scene with Newman at a local dinner.

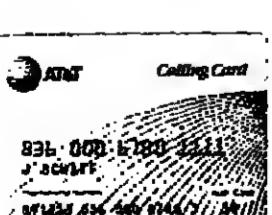
Picciano, a smiling bearded man who weighs 345 pounds (156 kilograms), said he is now an "old Mr. Hollywood" by his pals at McAuley's Tavern in Poughkeepsie. "I was in a high school play once," he said, recounting his previous theatrical work. "I closed the curtain in time with the music and I was a biffle in a court scene. But that was 24 years ago."

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ASIA/PACIFIC		CARIBBEAN	
Australia	001-881-0111	Chile	00-0512
China, PRC***	10811	Colombia	980-11-0010
Guam	018-872	Costa Rica**	114
Hong Kong	800-1111	Ecuador	119
Indonesia	00-821-10	El Salvador*	190
Japan	030-990-1111	Guanzona*	190
Korea	009-1111	Grenada*	165
Korea, S.	11*	Honduras*	125
Liberia	06-022-9111	Montevideo	95-800-462-2420
Malta	06-022-9111	Nicaragua (Managua)	174
New Zealand	000-0111	Panama	109
Philippines*	105-11	Pent*	191
Russia (Moscow)	155-5042	Suriname	156
Saipan	235-2872	Uruguay	00-0410
Singapore	000-0111-1111	Venezuela*	80-011-120
Sri Lanka	430-10		
Taiwan	0080-10289-0		
Trinidad	001-991-1111		
EUROPE		MIDDLE EAST	
Armenia*	84-6111	Bahrain	800-001
Austria***	022-903-0111	Egypt (Cairo)	510-0200
Belgium*	078-11-0010	Israel	177-100-2727
Bulgaria	00-100-0010	Kuwait	800-289
Croatia*	99-38-0011	Lebanon (Beirut)	426-601
Cyprus*	0841-00100	Saudi Arabia	1-800-100
Czech Rep.	00-420-00101	Turkey*	00-800-12277
Denmark*	8001-0010	AMERICAS	
Finland*	9800-100-10	Argentina	001-800-200-1111
France	19-0-0111	Barbados	555
Germany	0130-0010	Bolivia*	0-800-10-11